

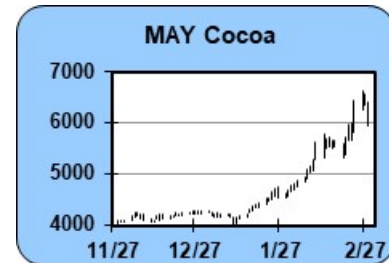


DAILY SOFTS COMMENTARY Thursday February 29, 2024

DAILY COCOA COMMENTARY 2/29/2024

Commercial buyers may still emerge on breaks.

May cocoa was higher overnight following yesterday's steep selloff. Trading at all-time highs makes for extremely volatile action. At the overnight low, prices had fallen 11% from Monday's contract high. The global supply situation remains tight, but traders are on the lookout for any indication of a slowdown in demand. The selloff yesterday was triggered by an announcement from Swiss chocolate maker Barry Callebaut that they were cutting 2,500 jobs (19% of their workforce) over the next 18 months. They said that this move was to increase efficiency and reduce costs, but traders also took the news as an indication that the company is preparing for a drop in demand as retail prices climb. Later in the day, an official with the company said they expect global production deficits of 500,000 tonnes in 2023/24 and 150,000 in 2024/25. The representative also expressed concerns that farmers in Ivory Coast and Ghana do not have the incentive to grow more. Both nations sell most of their cocoa before the season starts, which means it will take some time before growers can benefit from higher prices. Also, EU regulations restricting imports of cocoa grown on deforested land will limit output expansion. The end of the dry season in West Africa usually ends in March, and this may bring reports of rain and offer some relief from the gloomy crop outlook. Soubre, Ivory Coast shows greater than 45% probability of rain in 11 of the next 14 days, but daily highs are 94-97 degrees Fahrenheit.



TODAY'S MARKET IDEAS:

Traders are on the lookout for demand destruction. Open interest has fallen 34% since January, which suggests a lack of momentum for the rally. However, it is tough to square this with the ever-tightening supply, and commercial buyers desperate to cover their needs may emerge on breaks. Look for support in May cocoa at 5638, with resistance at 6203 and 6311.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

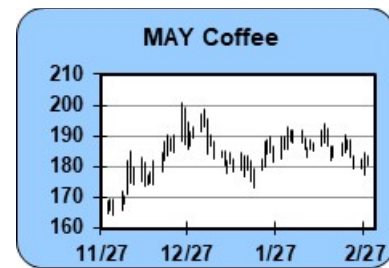
Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data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

COCOA (MAY) 02/29/2024: A crossover down in the daily stochastics is a bearish signal. Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market is in a bearish position with the close below the 2nd swing support number. The next downside target is now at 5588. The next area of resistance is around 6244 and 6587, while 1st support hits today at 5744 and below there at 5588.

DAILY COFFEE COMMENTARY 2/29/2024

Vietnam's exports 16.2% above year ago levels in February.

May coffee is under the influence of an outside reversal day higher on Tuesday, which leaves key support at Tuesday's low of 177.50. Recent rainfall over Brazilian growing areas is expected to benefit the upcoming Arabica crop after the dry conditions earlier this year. Recent forecasts call for a greater than 50% probability of rain for each of the next six days. ICE exchange coffee stocks increased by 8,995 bags on Wednesday to reach their highest level since November. Out of the 20,800 bags that went through the grading process, 11,520 bags failed to get approved. This was the second day in a row that the failure rate was above 50%. There are 148,747 pending review. This is down 17,280 bags from the previous day, which means more went through the grading process than were added. This could feed ideas that growth in ICE stocks is slowing down. Indonesia's January robusta coffee bean exports totaled 3,192 tonnes, down 79% from the same month last year. However, Vietnam exported 398,000 tonnes in February, up 16.2% from a year earlier. This was the second straight month that Vietnam's exports showed an improvement over last year and could indicate further loosening of global coffee stocks. The switch to La Nina later this year could bring more favorable weather to Asian robusta and Brazil Arabica growing regions.



TODAY'S MARKET IDEAS:

Vietnamese exports increasing over year ago levels for the second straight month could be a catalyst for coffee to test its lows from earlier this week. Key support for May NY coffee comes in at 177.50, and a break below there would leave the next downside target at 173.10. Look for resistance at 184.60 and 186.00.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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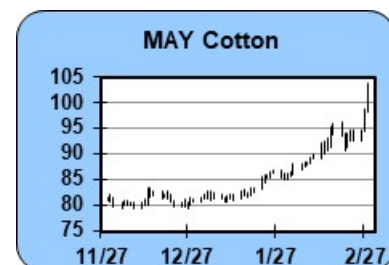
COFFEE (MAY) 02/29/2024: Momentum studies are declining, but have fallen to oversold levels. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 178.75. The next area of resistance is around 183.30 and 184.95, while 1st support hits today at 180.20 and below there at 178.75.

DAILY COTTON COMMENTARY

2/29/2024

Rally too far to fast; driven by specs.

May cotton was lower overnight after it traded to another new contract high yesterday. We could see some more back and fill as the market digests its latest move. Fund and other spec buying have led the market higher after the nearby contract broke above a 15-month consolidation pattern earlier this month. The wildfires in Texas may have fueled some of the buying, as they raised concerns about the dry conditions there, even though there is no cotton in the ground yet. Texas' cotton production has been devastated by drought for the last two years. The state's 2023 production fell to 2.285 million bales from 3.107 million in 2022 and 7.726 million in 2021. However, soil moisture has improved considerably in recent months. Most of the main cotton growing areas in the state are no longer under drought. Last week's drought monitor showed 10% of



US cotton area was under drought versus 45% a year ago. US export sales eased a bit with the Lunar New year holidays, and traders are watching to see if there was an improvement this week. Last week's report showed old crop net sales of 130,468 bales, the lowest since December 7. New crop sales were 58,108 bales, which is the highest so far for the 2024/25 crop.

TODAY'S MARKET IDEAS:

Look for choppy action in May cotton, with support at 97.34 and 95.76 and resistance at 101.11 and 103.80. The breakout above a long consolidation it technically bullish, but the rally may have come too far too fast. US supplies are tight, but world supplies are not.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (MAY) 02/29/2024: Momentum studies are trending higher but have entered overbought levels. 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 near-term upside target is at 106.52. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 103.80 and 106.52, while 1st support hits today at 98.36 and below there at 95.63.

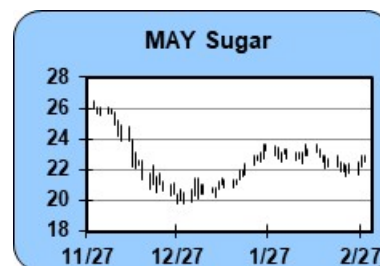
COTTON (JUL) 02/29/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The close above the 9-day moving average is a positive short-term indicator for trend. The close over the pivot swing is a somewhat positive setup. The near-term upside target is at 105.31. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 102.46 and 105.31, while 1st support hits today at 96.98 and below there at 94.34.

DAILY SUGAR COMMENTARY

2/29/2024

LTD for May sugar could stop short covering rally.

The bulls may be disappointed that the sugar prices did not see stronger gains in the wake of bullish supply data from the International Sugar Organization (ISO) yesterday. May sugar was lower overnight, and it could be heading back to test 50-day moving average support. In its report, the ISO increased the 2023/24 global production deficit forecast from 335,000 tonnes to 689,000, but despite this news, May sugar failed to take out Monday's high yesterday. The market has drawn support this week from short covering ahead of the expiration of the March contract, which occurs today. Traders are watching to see how dry weather this winter will affect the upcoming crop in Center-South Brazil. The two-week forecasts show mixed chances of rain across the region.



TODAY'S MARKET IDEAS:

The expiration of the March contract could pull short covering support from the market, and the bulls were less than thrilled over the latest ISO data. A key support line today could be the 50-day moving average at 21.96, as a break below there could set the market up for a test of last week's low at 21.56. Look for resistance at 22.95.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAY) 02/29/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's short-term trend is positive on the close above the 9-day moving average. The close over the pivot swing is a somewhat positive setup. The near-term upside target is at 23.03. The next area of resistance is around 22.85 and 23.03, while 1st support hits today at 22.53 and below there at 22.38.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAY) 02/29/2024: A bearish signal was triggered on a crossover down in the daily stochastics. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The gap lower price action on the day session chart is a bearish indicator for trend. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is 341.80. The next area of resistance is around 357.50 and 367.00, while 1st support hits today at 344.95 and below there at 341.80.

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	22.69	54.55	52.69	33.23	41.61	22.34	22.32	22.63	22.10	22.06
CTAK24	101.08	80.06	77.97	80.79	83.29	97.04	95.25	92.82	87.18	85.61
CTAN24	99.72	78.25	76.32	75.05	77.90	95.93	94.61	92.63	87.49	85.97
CCAK24	5994	58.81	63.29	83.39	76.90	6315.50	5950.89	5658.78	4895.40	4717.20
OJAK24	351.25	43.56	48.46	65.56	57.94	370.74	369.06	364.64	335.58	340.90
KCAK24	181.75	42.90	45.40	24.74	23.17	181.18	183.78	185.67	185.46	185.03
MAJ24	17.49	50.37	51.37	50.36	51.59	17.73	17.46	17.53	17.24	17.34

Calculations based on previous session. Data collected 02/28/2024

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	22.37	22.52	22.70	22.85	23.03
CTAK24	Cotton	95.62	98.35	101.07	103.80	106.52
CTAN24	Cotton	94.33	96.97	99.82	102.46	105.31
CCAK24	Cocoa	5587	5744	6087	6244	6587
OJAK24	Orange Juice	341.75	344.90	354.35	357.50	367.00
KCAK24	Coffee	178.75	180.20	181.85	183.30	184.95
MAJ24	Milk	17.32	17.39	17.52	17.59	17.72

Calculations based on previous session. Data collected 02/28/2024

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