

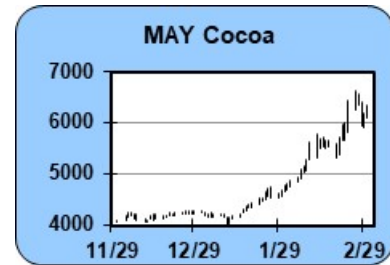


DAILY SOFTS COMMENTARY
Monday March 04, 2024

DAILY COCOA COMMENTARY
3/4/2024

What is the next bullish catalyst?

May cocoa gapped higher overnight and appeared to be on its way to test the contract high from February 26. The market has become more volatile each time it has reached another new all-time high, and demand concerns have tended to reemerge on the moves. The International Cocoa Organization (ICCO) last week forecast a global production deficit of 374,000 tonnes for 2023/24. This was their first official forecast for the marketing year, but it was not a big surprise. This would be the third straight deficit and the largest since records began in 1960.



Chocolate maker Barry Callebaut projected an even larger deficit of 500,000 tonnes and another deficit for 2024/25 of 150,000. The trade is awaiting the start of the west African mid-crop production, which usually begins in April. Ivory Coast cocoa arrivals totaled 34,000 tonnes for the week ending March 3, up from 18,000 for the same period last year. Total arrivals totaled since the season started on October 1 have reached 1.917 million tonnes, down 29% from the same period last year. The deficit to last year has narrowed slightly over the past couple of weeks. Friday's Commitments of Traders report showed managed money traders were net sellers of 10,445 contracts of cocoa for the week ending February 27, reducing their net long to 32,328. This is their smallest net long since last March and well below the record 79,541 from September. Open interest has also declined from a peak of 408,000 last April to 217,000 as of last week. The relatively small fund position leaves room for more buying, but the steady decline in open interest is not classically bullish.

TODAY'S MARKET IDEAS:

May cocoa may test last week's high at 6648, but the market may be hard pressed to find another bullish supply report until mid-crop reports from West Africa start coming in, and it may spend some time consolidating its latest move. Look for choppy, two-sided trade, with support at 6327 and 5910.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/20/2024 - 2/27/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Cocoa	34,158	-5,161	-39,644	+3,692	5,485	+1,468

COCOA TECHNICAL OUTLOOK:

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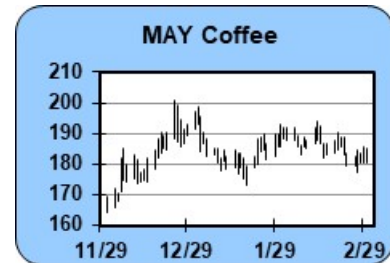
COCOA (MAY) 03/04/2024: Momentum studies are trending lower from high levels which should accelerate a

move lower on a break below the 1st swing support. The market's close above the 9-day moving average suggests the short-term trend remains positive. Market positioning is positive with the close over the 1st swing resistance. The next downside target is 6012. The next area of resistance is around 6459 and 6541, while 1st support hits today at 6195 and below there at 6012.

DAILY COFFEE COMMENTARY
3/4/2024

Less rain in Brazil forecast could lend support.

May coffee was higher overnight, as it continued to consolidate inside a range defined by the December high and the January low. Recent rainfall over Brazil's major Arabica growing regions has weighed on coffee prices after their extended dry period earlier this year, but this is offset by ongoing tightness in global robusta supplies. The main growing region of Minas Gerais, Brazil has a greater than 50% probability of rain Tuesday and Wednesday, but chances drop off for the rest of the week. ICE exchange coffee stocks rose by 6,941 bags on Friday to reach a new high for the year. Honduran coffee exporters shipped 26% more beans in February than they did a year earlier, but this was due to delays in January that pushed more exports into the next month, according to the Honduran coffee institute, IHCAFE. October-February shipments totaled 1.363 million bags versus 1.377 million a year ago. Costa Rican coffee exports increased 2% in February from the same month last year, according to their national coffee institute ICAFE. Shipments totaled 87,541 bags in February versus 85,981 a year ago. October-February shipments were down 5.1% from a year ago. A new species of pest has been identified in Brazilian conilon (robusta) coffee plantations, and it colonizes fruits, stems, branches, and leaves. Friday's Commitments of Traders report showed managed money traders were net sellers of 3,164 contracts of coffee for the week ending February 27, reducing their net long to 42,665. This is in the upper end of the historic range and leaves the market vulnerable to heavy selling if support levels are taken out.



TODAY'S MARKET IDEAS:

The coffee market could see a dramatic move when it breaks out of the extended coiling action. Trendline resistance for May coffee comes in at 191.45 today and drops to 190.70 by the end of the week. Support comes in at 177.95-178.60.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/20/2024 - 2/27/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Coffee	50,020	-3,540	-50,520	+3,547	500	-7

COFFEE TECHNICAL OUTLOOK:

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COFFEE (MAY) 03/04/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The market's close below the pivot swing number is a mildly negative setup. The near-term upside objective is at 188.00. The next area of resistance is around 185.75 and 188.00, while 1st support hits

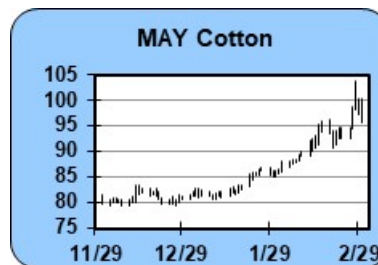
today at 180.85 and below there at 178.20.

DAILY COTTON COMMENTARY

3/4/2024

Funds bailing out of long positions.

May cotton extended its recent collapse from contract highs overnight, as specs continued to bail out of bullish positions. The fund net long had reached its highest level over two years ahead of last week's selloff, which left the market vulnerable to heavy selling. Friday's Commitments of Traders report showed managed money traders were net buyers of 7,959 contracts for the week ending February 27, the day before the market peaked. In just five weeks, they had increased their net long to 94,038 from a net short of 2,016. The rally had been based in part on strong US exports, but sales have slipped in recent weeks, suggesting the US has priced itself out of the market. The USDA is forecasting US 2023/24 ending stocks at 2.8 million bales, which is the lowest since 2016/17, but world ending stocks are expected to be the highest since 2019/20 at 83.7 million bales. The recent US Drought Monitor showed dry soils and drought lingering in parts of Texas and the Delta, but the areas are much improved over last year.



TODAY'S MARKET IDEAS:

Look for support in May cotton at 91.35, with resistance at 95.57 and 97.25.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/20/2024 - 2/27/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Cotton	103,559	+6,117	-114,754	-8,589	11,196	+2,473

COTTON TECHNICAL OUTLOOK:

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COTTON (MAY) 03/04/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. 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 objective is now at 92.03. The next area of resistance is around 97.93 and 101.48, while 1st support hits today at 93.21 and below there at 92.03.

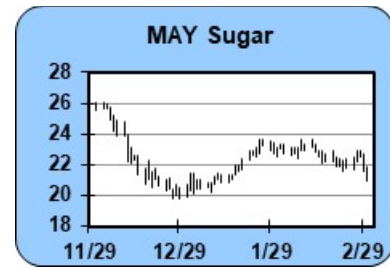
COTTON (JUL) 03/04/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is now at 90.19. The next area of resistance is around 96.16 and 99.74, while 1st support hits today at 91.38 and below there at 90.19.

DAILY SUGAR COMMENTARY

3/4/2024

Large March deliveries highlight ample sugar supply.

May sugar broke below key technical support levels last week, and it could be heading for a test of the December low. The market has been pressured by a larger than expected delivery against the March contract, which was the second largest delivery for March on record. Brazil's record sugar production has filled-in a large portion of the global export shortfall, and they were the origin for all the deliveries. Recent rainfall over Brazilian cane growing regions is viewed as beneficial for their upcoming (2024/25) crop, and the forecast shows regular rains in five of the next seven days. India's sugar production fell to 25.5 million tonnes in the five months ended in February, down from 25.85 million for the same period last year, according to the Indian Sugar and Bio-energy Manufacturers Association. The anticipated end of El Nino this spring and the re-emergence of La Nina in late summer could bring better rainfall to India and southeast Asia and improve prospects for their cane crops in the coming year. Friday's Commitments of Traders report showed managed money traders were net buyers of 13,677 contracts of sugar for the week ending February 27, increasing their net long to 70,614. This is their largest net long since December 5 but far from burdensome, as it is well below the net long of 200,824 from early November.



TODAY'S MARKET IDEAS:

Recent rainfall in Center-South Brazil following an extended dry period boosts cane crop expectations. May sugar's break below the 50-day moving average last week turns the technical outlook negative and suggests test of the December low and even a resumption of the downtrend that began in November. Look for support at 20.25 and 19.80, with resistance at 21.71.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/20/2024 - 2/27/2024						
	Non-Commercial		Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Sugar	84,585	+14,270	-93,277	-16,689	8,692	+2,420

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAY) 03/04/2024: Daily stochastics are trending lower but have declined into oversold territory. The market's short-term trend is negative as the close remains below the 9-day moving average. The close below the 1st swing support could weigh on the market. The next downside target is now at 20.34. The next area of resistance is around 21.55 and 22.17, while 1st support hits today at 20.63 and below there at 20.34.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAY) 03/04/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. A negative signal for trend short-term was given on a close under the 9-bar moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is 349.40. The next area of resistance is around 362.30 and 365.05, while 1st support hits today at 354.50 and

below there at 349.40.

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	21.09	30.58	36.18	28.38	20.95	22.04	22.09	22.47	22.15	21.96
CTAK24	95.57	54.31	58.37	74.95	64.79	98.76	95.85	93.88	87.92	86.21
CTAN24	93.77	50.55	54.95	68.11	56.28	97.24	94.81	93.43	88.13	86.48
CCAK24	6327	66.78	68.70	76.52	71.77	6206.25	6109.78	5790.83	4981.27	4785.00
OJAK24	358.40	48.49	51.46	57.37	49.50	359.76	367.43	363.71	337.14	340.59
KCAK24	183.30	47.10	47.85	28.06	31.47	183.11	183.32	185.22	185.14	185.17
MAJ24	16.78	33.92	39.22	40.25	27.05	17.25	17.43	17.43	17.23	17.32

Calculations based on previous session. Data collected 03/01/2024

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	20.33	20.63	21.25	21.55	22.17
CTAK24	Cotton	92.02	93.20	96.75	97.93	101.48
CTAN24	Cotton	90.18	91.38	94.96	96.16	99.74
CCAK24	Cocoa	6011	6194	6276	6459	6541
OJAK24	Orange Juice	349.35	354.45	357.20	362.30	365.05
KCAK24	Coffee	178.20	180.85	183.10	185.75	188.00
MAJ24	Milk	16.42	16.57	16.83	16.98	17.24

Calculations based on previous session. Data collected 03/01/2024

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