



DAILY SOFTS COMMENTARY Wednesday March 06, 2024

DAILY COCOA COMMENTARY 3/6/2024

Downside potential limited by extremely tight supply.

Concern over demand continues to smolder with cocoa prices close to record highs, and that could set the stage for a further pullback. However, the global supply remains tight and is expected to stay that way, so setbacks may be limited. Early forecasts for the 2024/25 season are calling for a fourth global production deficit in a row following a record deficit in 2023/24, but that will depend on the weather. Reports of rain reaching key growing areas in Ivory Coast this week suggest the West African dry season is coming to an end. The latest leg of the cocoa rally has been driven by reports of a worse than normal dry season this year, which has lowered expectations for the mid-crop. Ivory Coast's cocoa grind was down 3.6% year on year in January, according to exporters' association GEPEX. There have also been reports of farmers and buyers in Ghana hoarding beans in anticipation of higher prices. Chocolate maker Lindt & Spruengli reported higher profits in 2023 and said it will have to increase prices further in 2024 and 2025. The company added that it is trying to be less dependent on West African cocoa.



TODAY'S MARKET IDEAS:

May cocoa's inability to extend the rally yesterday may have fueled a wave of profit-taking, but additional declines may be limited by the extremely tight supply. Look for support at 6049, with resistance at 6677. A resumption of the uptrend would leave an initial target at 6832.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

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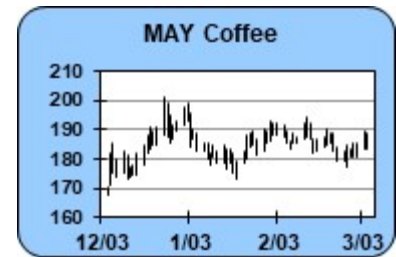
COCOA (MAY) 03/06/2024: Momentum studies are trending higher but have entered overbought levels. The market's close above the 9-day moving average suggests the short-term trend remains positive. It is a slightly negative indicator that the close was under the swing pivot. The next upside objective is 6760. The next area of resistance is around 6588 and 6760, while 1st support hits today at 6312 and below there at 6207.

DAILY COFFEE COMMENTARY 3/6/2024

Colombian output down 6% in February.

Coffee's March recovery move was derailed by near-term demand concerns, and the market continues to have trouble sustaining upside momentum. A negative shift in global risk sentiment following lukewarm US economic data and a sharp selloff in US equities was a source of pressure yesterday. ICE exchange coffee stocks rose by 10,000 bags to reach a new high for the year. The are more than 160,000 bags waiting to be graded. The buildup in stocks since the start of the year may reflect lukewarm out-of-home demand.

Colombia's coffee production totaled 961,000 bags in February, down 6% from a year earlier. Their 12-month production total through February was 11.374 million bags, the first monthly decline since August. Low rainfall in Minas Gerais, Brazil is also a concern.



TODAY'S MARKET IDEAS:

Out-of-home demand concerns and the steady rise in ICE exchange stocks are front-and-center issues, especially with global risk sentiment subdued, but with the pullback in Colombian output and dry conditions in Brazil, the market may avoid any steep selloff. Look for support in May coffee at 180.25, with resistance at 186.50.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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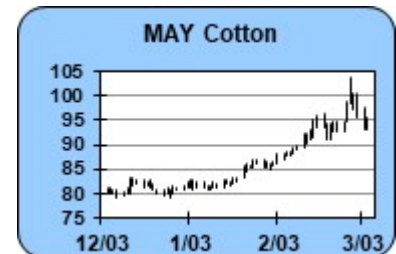
COFFEE (MAY) 03/06/2024: The close below the 60-day moving average is an indication the longer-term trend has turned down. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The intermediate trend has turned down with the cross over back below the 18-day moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The near-term upside objective is at 190.55. The next area of resistance is around 186.29 and 190.55, while 1st support hits today at 180.40 and below there at 178.75.

DAILY COTTON COMMENTARY

3/6/2024

Consolidation after correction.

A three-day selloff helped correct an extremely overbought condition in May cotton, and the market appears to be consolidating its move to contract highs from late February. The trade is looking at tight US supply after a couple of years of poor crops, but global supply is not nearly as tight. For the monthly USDA supply/demand forecast on Friday, a Bloomberg survey has an average trade expectation for US 2023/24 ending stocks at 2.72 million bales, with a range of expectations from 2.55 to 2.9 million. This would be down from 2.8 million in the February report and down from 4.25 million in 2022/23. World ending stocks are expected to come in around 83.31 million bales (range 82.34-84.00), down from 83.7 million in February but up from 82.97 million in 2022/23. Once the report is out of the way, traders will likely start to focus on 2024/25 plantings, with the Prospective Plantings report due out on March 28.



TODAY'S MARKET IDEAS:

May cotton may spend some time consolidating after the move to contract highs and the steep correction that

followed. Look for resistance at 97.06 and 98.34, with support at 92.89.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (MAY) 03/06/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The intermediate trend has turned down with the cross over back below the 18-day moving average. The market tilt is slightly negative with the close under the pivot. The next downside target is 92.04. The next area of resistance is around 95.34 and 96.45, while 1st support hits today at 93.14 and below there at 92.04.

COTTON (JUL) 03/06/2024: 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. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is 91.22. The next area of resistance is around 94.02 and 95.03, while 1st support hits today at 92.12 and below there at 91.22.

DAILY SUGAR COMMENTARY

3/6/2024

Lower cane plantings expected in India for 2024/25.

May sugar found support yesterday and overnight after receiving some bullish supply news. At the Dubai Sugar Conference, the CEO of BP Bunge Bioenergia forecast Brazil's 2024/25 Center-South sugar production at 40.8 million tonnes, which would be down 4.4% from last year. He also said that 2024/25 will see a global production deficit of 1.6 million tonnes. Other analysts have already dialed back their expectations for Brazil's upcoming cane crush and sugar production due to dry conditions. Sugar cane planting in key Indian sugar-producing states of Maharashtra and southern Karnataka is expected to fall in 2024/25, according to the President of the Indian Sugar and Bioenergy Manufacturers Association.



TODAY'S MARKET IDEAS:

A positive daily reversal yesterday and follow-through buying overnight could support a move in May sugar to 21.97, the 50-day moving average. Look for support at 20.25.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAY) 03/06/2024: Daily stochastics are trending lower but have declined into oversold territory. A

negative signal for trend short-term was given on a close under the 9-bar moving average. The daily closing price reversal up is a positive indicator that could support higher prices. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is 20.23. The next area of resistance is around 21.18 and 21.48, while 1st support hits today at 20.56 and below there at 20.23.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAY) 03/06/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is 355.55. The next area of resistance is around 370.75 and 375.30, while 1st support hits today at 360.90 and below there at 355.55.

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	20.87	32.18	36.34	20.46	14.12	21.06	21.75	22.21	22.14	21.88
CTAK24	94.24	49.69	54.66	59.67	43.89	95.99	96.29	94.49	88.48	86.68
CTAN24	93.07	48.09	52.96	51.99	35.58	94.50	95.03	93.87	88.62	86.89
CCAK24	6450	65.93	67.91	78.29	80.28	6353.00	6281.56	5940.17	5082.93	4866.27
OJAK24	365.80	53.88	54.67	53.61	50.42	361.65	366.81	362.79	339.21	341.06
KCAK24	183.35	47.19	47.97	36.03	42.91	184.48	182.86	185.07	184.68	185.43
MAJ24	16.25	25.87	32.53	25.00	10.03	16.70	17.26	17.29	17.19	17.26

Calculations based on previous session. Data collected 03/05/2024

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	20.22	20.55	20.85	21.18	21.48
CTAK24	Cotton	92.03	93.13	94.24	95.34	96.45
CTAN24	Cotton	91.21	92.11	93.12	94.02	95.03
CCAK24	Cocoa	6206	6311	6483	6588	6760
OJAK24	Orange Juice	355.50	360.85	365.40	370.75	375.30
KCAK24	Coffee	178.74	180.39	184.64	186.29	190.55
MAJ24	Milk	15.89	16.01	16.36	16.48	16.83

Calculations based on previous session. Data collected 03/05/2024

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