

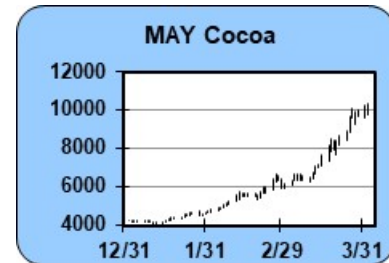


## DAILY SOFTS COMMENTARY Wednesday April 03, 2024

### DAILY COCOA COMMENTARY 4/3/2024

#### Will a 50% Ivory Coast farmgate price increase be enough?

The cocoa market is seeing choppy, two-sided action as it consolidates around the \$10,000 per tonne level. The beginning of the West African 2023/24 mid-crop harvest and Ivory Coast's move to increase its farmgate price may help loosen near-term supplies and put some pressure on prices. However, the harvest is expected to down sharply from last year due to poor weather this spring, and this comes on top of a poor main crop and expectations for a third straight global supply deficit. There is rainfall in the forecast for West African growing areas on most days through late next week, which could benefit later-harvested beans. Forecaster Maxar said this week that while some rain reached cocoa areas in West Africa over the weekend, more will be needed to ease dryness facing crops. Ivory Coast confirmed yesterday that it had raised its fixed farmgate price by 50% for the April-September mid-crop. This may encourage farmer selling and help ease the global shortage, but the success of the move remains to be seen. There are concerns that growers will still hold back as they wait for higher prices next season.



#### **TODAY'S MARKET IDEAS:**

Choppy action may continue, but there has been no indicator of a top. It may take a turnaround in weekly arrivals to convince traders that Ivory Coast's farmgate price increase is helping pull supply to market. Look for support in May cocoa at 9267 and 9020, with resistance at 10,324.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

None.

#### **COCOA TECHNICAL OUTLOOK:**

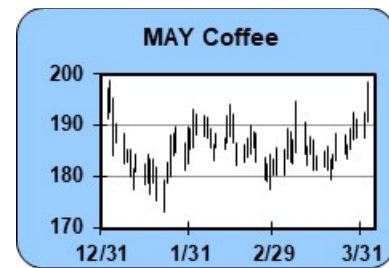
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COCOA (MAY) 04/03/2024: The daily stochastics have crossed over down which is a bearish indication. Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. A positive signal for trend short-term was given on a close over the 9-bar moving average. The daily closing price reversal down puts the market on the defensive. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is now at 9492. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 10207 and 10523, while 1st support hits today at 9691 and below there at 9492.

### DAILY COFFEE COMMENTARY 4/3/2024

## Nearby robusta prices highest since 1994.

May NY (Arabica) coffee extended higher overnight, up through the December 19 high, and May London robusta coffee traded to new contract highs overnight and the highest since 1994 on the nearby chart. Reports that heavier than normal rainfall last week may have damaged coffee trees in Brazil's major arabica growing regions have supported the market this week. Earlier in the week Somar Meteorologia reported that Minas Gerais received 75.4 mm of rain last week, 335% of normal. ICAFE reports that Costa Rican coffee exports totaled 94,379 bags in March, down 39,200 from the same month last year. Exports are down 14% for the first six months of the 2023/24 harvest and are the lowest in at least five years. The Costa Rican currency, the colon, has gained some 13% on the dollar, which lowers the relative value of exported coffee and lowers the incentive for growers to export coffee. The rally in robusta beans has been driven by a sharp decline in Vietnamese production this year, and this has lent support to the Arabica market as well. ICE exchange coffee stocks totaled 604,079 bags yesterday, up 8,870 from Monday and the highest in 11 months.



### TODAY'S MARKET IDEAS:

The move in May coffee through the December high overnight leaves the next upside target at 207.10, the 0.618 retracement of decline from the contract high to the contract low. Look for support at 194.75 and 191.80.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### COFFEE TECHNICAL OUTLOOK:

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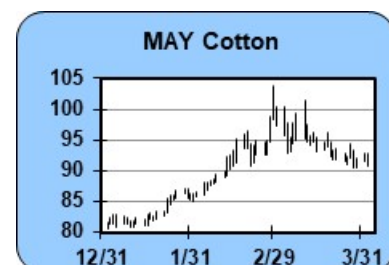
COFFEE (MAY) 04/03/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's short-term trend is positive on the close above the 9-day moving average. The market's close above the 2nd swing resistance number is a bullish indication. The near-term upside objective is at 203.81. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 201.57 and 203.81, while 1st support hits today at 193.93 and below there at 188.52.

## DAILY COTTON COMMENTARY

4/3/2024

### Strong dollar and S. Hemisphere harvest pressure old crop.

Old-crop cotton is being pressured by demand concerns, and the new crop is supported by lower-than-expected plantings and typical uncertainty ahead of the growing season. The USDA recently raised its forecast for Australia's cotton production for 2023/24 by 200,000 bales to 5 million, and it forecast 2024/25 production at 5.5 million. Most of Australia's cotton is harvested in April and May, which could limit US export prospects. A stronger dollar, with the nearby Dollar Index close to taking out its February high, makes US cotton less competitive on the world market. Higher crude oil prices are supportive, but the jump in US long term rates this week is not. US plantings at 10.673 million acres are up slightly from 10.23 million last year but well below the 13.75 million planted in 2022/23. The 6-10 and 8-14-day forecasts show above normal chances of rain across the US cotton belt, including Texas. Soil moisture conditions are much better than last year, with



only 6% of US cotton area under drought versus 47% a year ago. However, Texas still has some areas that are abnormally dry or with moderate to severe drought.

#### **TODAY'S MARKET IDEAS:**

It is natural for the new crop to want to build a weather premium heading into the growing season, and the relatively light plantings this season could keep prices supported unless the weather turns out perfect. Good crops in Brazil and Australia could keep pressure on old crop. Look for resistance in May cotton 92.17, with support at 90.00 and 88.42. Support for December cotton comes in at 83.76, with resistance at 84.70.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

None.

#### **COTTON TECHNICAL OUTLOOK:**

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COTTON (MAY) 04/03/2024: Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. A negative signal for trend short-term was given on a close under the 9-bar moving average. The outside day down and close below the previous day's low is a negative signal. The market is in a bearish position with the close below the 2nd swing support number. The next upside objective is 93.50. The next area of resistance is around 91.91 and 93.50, while 1st support hits today at 89.71 and below there at 89.11.

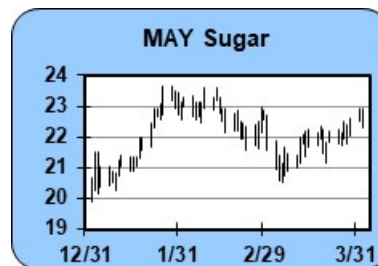
COTTON (JUL) 04/03/2024: The close under the 40-day moving average indicates the longer-term trend could be turning down. Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. The market's short-term trend is negative as the close remains below the 9-day moving average. The market is in a bearish position with the close below the 2nd swing support number. The near-term upside objective is at 93.93. The next area of resistance is around 92.62 and 93.93, while 1st support hits today at 90.80 and below there at 90.28.

## **DAILY SUGAR COMMENTARY**

4/3/2024

### **Lifting of Indian sugar export ban may have to wait.**

May sugar fell under pressure yesterday after the Indian Sugar and Bio-energy Manufacturers Association requested that the government allow exports of up to 1 million tonnes of sugar for the current marketing year. Late last year the government halted exports on concerns of tight supply, but late season improvements in production have raised the possibility of lifting the ban. This group said this week that it is estimating Indian sugar production reached 30.2 million tonnes during the October-March period, up from 30.08 million a year earlier. They said India's 2023/24 sugar output will likely reach 32 million tonnes, with domestic consumption seen at 28.5 million. There has been talk that the government may be more open to lifting the ban on sugar exports after the parliamentary elections in early June. Estimates for Thailand's 2023/24 production have been revised higher due to large output during the first quarter. Mexico's government may ease the way for their nation to import sugar this season with domestic production expected to be down for the second year in a row. Nearby crude oil trading to its highest level since October 27 overnight may be viewed as supportive to sugar on ideas it would encourage more diversion of cane processing to ethanol, but high sugar prices reduce the relative profit in ethanol. Drier weather in Brazil's Center-South is expected to help cane harvest get off to a strong start, but conditions may turn wetter later in the week.



### TODAY'S MARKET IDEAS:

It may be June before India lifts its export ban. In the meantime, the market may be more responsive to Brazilian harvest progress. Look for support in May sugar at 22.00 and 21.72, with resistance at 22.91. The 200-day moving average up at 23.43 is a major resistance line.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAY) 04/03/2024: The daily stochastics gave a bearish indicator with a crossover down. Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The close above the 9-day moving average is a positive short-term indicator for trend. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside objective is 21.82. The next area of resistance is around 22.63 and 23.09, while 1st support hits today at 22.00 and below there at 21.82.

### OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAY) 04/03/2024: 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 daily closing price reversal down puts the market on the defensive. It is a slightly negative indicator that the close was under the swing pivot. The next upside target is 377.60. The next area of resistance is around 372.55 and 377.60, while 1st support hits today at 364.95 and below there at 362.35.

### DAILY TECHNICAL STATISTICS

|                              | CLOSE  | 9 DAY<br>RSI | 14 DAY<br>RSI | 14 DAY<br>SLOW<br>STOCH D | 14 DAY<br>SLOW<br>STOCH K | 4 DAY<br>M AVG | 9 DAY<br>M AVG | 18 DAY<br>M AVG | 45 DAY<br>M AVG | 60 DAY<br>M AVG |
|------------------------------|--------|--------------|---------------|---------------------------|---------------------------|----------------|----------------|-----------------|-----------------|-----------------|
| <b>SOFTS MARKETS COMPLEX</b> |        |              |               |                           |                           |                |                |                 |                 |                 |
| SBAK24                       | 22.32  | 54.39        | 53.08         | 79.26                     | 79.11                     | 22.44          | 22.20          | 21.98           | 22.24           | 22.19           |
| CTAK24                       | 90.81  | 40.38        | 43.94         | 13.09                     | 13.85                     | 91.43          | 91.90          | 93.45           | 92.84           | 90.54           |
| CTAN24                       | 91.71  | 43.70        | 46.55         | 16.93                     | 18.95                     | 92.11          | 92.34          | 93.35           | 92.63           | 90.54           |
| CCAK24                       | 9949   | 82.57        | 82.61         | 92.48                     | 91.80                     | 9919.50        | 9419.00        | 8336.28         | 6731.18         | 6141.73         |
| OJAK24                       | 368.75 | 53.27        | 53.26         | 67.34                     | 72.61                     | 368.89         | 365.95         | 363.77          | 362.67          | 348.08          |
| KCAK24                       | 197.75 | 74.54        | 66.91         | 64.43                     | 81.39                     | 192.26         | 188.41         | 186.57          | 186.28          | 185.23          |
| MAK24                        | 15.69  | 25.42        | 29.35         | 9.76                      | 6.59                      | 15.89          | 16.13          | 16.32           | 17.13           | 17.22           |

Calculations based on previous session. Data collected 04/02/2024

Data sources can & do produce bad ticks. Verify before use.

### DAILY SWING STATISTICS

| Contract                     |        | Support 2 | Support 1 | Pivot | Resist 1 | Resist 2 |
|------------------------------|--------|-----------|-----------|-------|----------|----------|
| <b>SOFTS MARKETS COMPLEX</b> |        |           |           |       |          |          |
| SBAK24                       | Sugar  | 21.81     | 21.99     | 22.45 | 22.63    | 23.09    |
| CTAK24                       | Cotton | 89.10     | 89.71     | 91.30 | 91.91    | 93.50    |
| CTAN24                       | Cotton | 90.27     | 90.79     | 92.10 | 92.62    | 93.93    |

|        |              |        |        |        |        |        |
|--------|--------------|--------|--------|--------|--------|--------|
| CCAK24 | Cocoa        | 9491   | 9691   | 10007  | 10207  | 10523  |
| OJAK24 | Orange Juice | 362.30 | 364.90 | 369.95 | 372.55 | 377.60 |
| KCAK24 | Coffee       | 188.51 | 193.92 | 196.16 | 201.57 | 203.81 |
| MAK24  | Milk         | 15.52  | 15.58  | 15.72  | 15.78  | 15.91  |

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