



DAILY SOFTS COMMENTARY

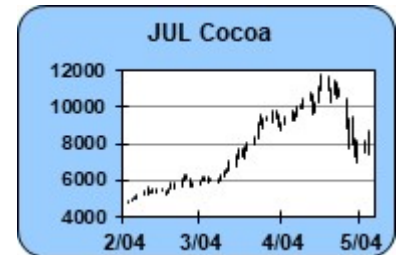
Wednesday May 08, 2024

DAILY COCOA COMMENTARY

5/8/2024

West Africa still needs consistent rain.

The cocoa market has corrected its overbought condition and is back to facing a very tight global supply setup. The market was higher overnight following an outside day higher on Tuesday. West Africa is in its rainy season, and this has cooled things off a bit, but growers stress the need for consistent rains with intermittent sunny spells. Earlier this week, growers in Ivory Coast were complaining about dry conditions persisting in most of the main growing regions last week. A record global production deficit is expected for the 2023/24 season, which ends in September. Citigroup said it expects a "balanced" market for 2024/25, as high prices lead to lower demand. They are looking for a global production surplus of 125,000 to 200,000 tonnes.



TODAY'S MARKET IDEAS:

Tuesday's outside-day higher close and rally back above the 50-day moving average may provide enough incentive for traders to reestablish long positions. Upside retracement objectives in July cocoa come in at 9493 and 10019. Look for support at 8464 and 8250.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

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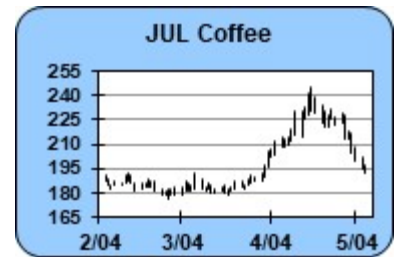
COCOA (JUL) 05/08/2024: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. Daily stochastics are trending lower but have declined into oversold territory. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The outside day up and close above the previous day's high is a positive signal. The market's close above the 2nd swing resistance number is a bullish indication. The next downside objective is 7048. The next area of resistance is around 9250 and 9609, while 1st support hits today at 7970 and below there at 7048.

DAILY COFFEE COMMENTARY

5/8/2024

Oversold on rain-in-Vietnam theme?

After at 53.25-cent decline in less than three weeks, July coffee could be due for a corrective bounce. Fund selling has been the theme during the selloff, and the most recent Commitments of Traders report showed the managed money net long still holding near record highs as of last Tuesday. The market has fallen 24.50 since that data was collected, which suggests some of the burdensome net long has been liquidated. Hot and dry conditions in Vietnam led the rally this spring, and recent rains have improved the outlook somewhat, but dry conditions remain a concern. Vietnam grows robusta beans, and tight robusta supplies have lent support to arabica prices as well. Traders are also concerned that drier than normal conditions over Brazil's major arabica growing regions will have a negative impact on their upcoming 2024/25 crop. After a one-day decline, ICE exchange arabica stocks increased 14,465 bags yesterday, taking them above 700,000 for the first time since April 2023. There are more than 118,000 bags pending review.



TODAY'S MARKET IDEAS:

July coffee bounced off the 100-day moving average yesterday, and that level, 192.15, could be a key support area today. Additional support comes in at 178.30, with resistance at 200.95.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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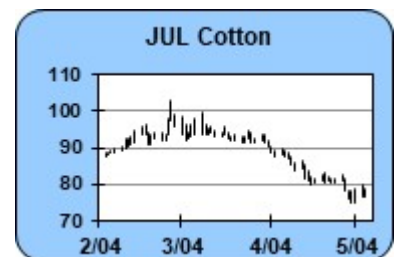
COFFEE (JUL) 05/08/2024: Momentum studies are declining, but have fallen to oversold levels. The market's short-term trend is negative as the close remains below the 9-day moving average. The daily closing price reversal up is a positive indicator that could support higher prices. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is now at 190.54. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 199.22 and 200.83, while 1st support hits today at 194.08 and below there at 190.54.

DAILY COTTON COMMENTARY

5/8/2024

Lack of a weather premium could lend support.

July cotton is seeing choppy action ahead of the USDA supply/demand report on Friday, but it is also possible that the selloff since February has left the market in need of a weather premium. For the USDA report, a Bloomberg survey shows an average expectation for US 2024/25 cotton production at 15.73 million bales, with a range of 13.50-17.50 million. This would be up from 12.10 million in 2023/24. Exports are expected to come in around 13.14 million (range 12.10-14.00) versus 12.30 million in 2023/24. Ending stocks are expected at 3.49 million (range 2.70-4.25) versus 2.50 million in 2023/24 and 4.25 million in 2022/23. World production is expected to be around 116.74 million bales and consumption at 115.86 million. Ending stocks are expected to come in at 83.49 million, which would be up from 83.08 in 2023/24 and the highest since 2019/20.



The US crop is starting off with strong expectations, with the planting pace ahead of last year and the 10-year average and US soil moisture conditions much better than the past two years. ICE certified stocks totaled 184,790 bales as of Monday, down 1,230 from Friday. This was only the third time they have declined since early March. They have increased by 183,000 since March 6 and are at their highest level since July 2017. Traces of banned

Chinese cotton were found in 19% of a sample of merchandise selling at US and global retailers in the past year, despite a US law aimed at blocking imports of cotton linked to forced labor in China.

TODAY'S MARKET IDEAS:

The market lacks a weather premium, which could leave it vulnerable to a rally if there is any type of scare. We suspect that a bearish reaction to Friday's USDA report could bring in buyers. Look for support in July cotton at 76.50 and 74.95, with resistance at 79.84 and 81.30.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (JUL) 05/08/2024: The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The close below the 9-day moving average is a negative 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 79.38. The next area of resistance is around 78.40 and 79.38, while 1st support hits today at 76.60 and below there at 75.77.

COTTON (DEC) 05/08/2024: Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. A negative signal for trend short-term was given on a close under the 9-bar moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 77.34. The next area of resistance is around 76.46 and 77.34, while 1st support hits today at 75.03 and below there at 74.47.

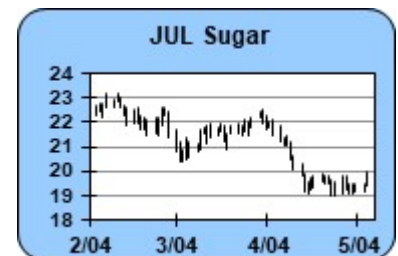
DAILY SUGAR COMMENTARY

5/8/2024

Selloff overdone given uncertain Brazil output?

July sugar set back overnight after yesterday's mild breakout of its three-week consolidation, but the breakout does suggest a further rally is possible. StoneX is forecasting Brazil's Center-South sugar production at 42.3 million tonnes in 2024/25, which is close to a Unica forecast from earlier this year at 42.4 million. An analyst with Louis Dreyfus expects the global sugar market to show a small surplus of 800,000 tonnes in 2024/25 versus a surplus of 2.5 million in 2023/24.

They say the outlook for Brazil is still uncertain due to drier than normal weather this year. Their current forecast is in line with the others at 42.5 million tonnes, but they also pointed out that cane yields from May or June onward will give a better estimate. They also indicated that higher production in Thailand and Europe due to increased plantings of cane and beets will be partly offset by declining output in India if the government keeps its ethanol program going as planned. They do not think the market is currently pricing in any potential problems in Brazil, despite the dry conditions there. The CEO of the world's largest sugar trader, Alvean, said the recent drop in sugar prices to 19 cents was overdone considering the uncertainty regarding Brazil. The USDA's Foreign Agricultural Service attache in Bangkok projected Thailand's 2024/25 sugar production at 10.2 million tonnes, up from 8.8 million in 2023/24.



TODAY'S MARKET IDEAS:

Brazil's 2024/25 production has started out strong, but the hot and dry weather this year may start to take a toll on yields as the season progresses. Yesterday's breakout above the three-week consolidation leaves an upside objective of 20.87. Interim resistance comes in at 20.41.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (JUL) 05/08/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. The market's close above the 2nd swing resistance number is a bullish indication. The next upside objective is 20.44. The next area of resistance is around 20.26 and 20.44, while 1st support hits today at 19.64 and below there at 19.20.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (JUL) 05/08/2024: A bullish signal was given with an upside crossover of the daily stochastics. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. Market positioning is positive with the close over the 1st swing resistance. The next upside target is 378.30. The next area of resistance is around 375.80 and 378.30, while 1st support hits today at 368.55 and below there at 363.75.

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										
SBAN24	19.95	55.37	48.48	30.08	46.55	19.49	19.40	19.53	20.73	21.03
CTAN24	77.50	34.29	33.08	16.45	21.77	77.06	78.52	80.42	87.33	89.08
CTAZ24	75.75	37.64	35.56	14.73	21.60	75.30	76.27	77.44	81.02	81.71
CCAN24	8610	44.72	46.43	26.96	24.27	7976.50	8866.89	9763.44	8764.24	8004.13
OJAN24	372.15	56.11	54.83	59.22	60.89	370.46	369.57	367.44	363.11	361.96
KCAN24	196.65	29.24	37.51	18.61	8.93	199.68	212.33	220.30	203.07	198.16
MAK24	18.33	64.54	63.39	91.56	90.18	18.37	18.28	17.88	16.96	17.14

Calculations based on previous session. Data collected 05/07/2024

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						
SBAN24	Sugar	19.20	19.64	19.82	20.26	20.44
CTAN24	Cotton	75.76	76.59	77.57	78.40	79.38
CTAZ24	Cotton	74.47	75.02	75.91	76.46	77.34
CCAN24	Cocoa	7047	7969	8328	9250	9609
OJAN24	Orange Juice	363.70	368.50	371.00	375.80	378.30
KCAN24	Coffee	190.53	194.07	195.68	199.22	200.83
MAK24	Milk	18.15	18.23	18.34	18.42	18.53

Calculations based on previous session. Data collected 05/07/2024

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