

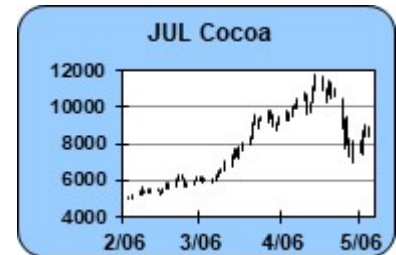


## DAILY SOFTS COMMENTARY Friday May 10, 2024

### DAILY COCOA COMMENTARY 5/10/2024

#### La Nina could help the main crop next fall.

West African cocoa production this season remains far behind last year's pace, and dry conditions remain a concern. The rainy season has arrived, but it could take some time to see good pod development after the excessive heat the region saw earlier this year. The US Climate Prediction Center is giving a 49% chance for La Nina to arrive during the June-August timeframe and a 69% chance of it developing between July and September. This could bring wetter conditions to West Africa and help the 2024/25 main crop. In the meantime, the region needs more rain to help move the 2023/24 mid-crop along. The market sold off steeply during the second half of April after reaching all-time highs, and we expect consolidation between the April high and last week's low until the market gets a better handle on mid-crop output.



#### TODAY'S MARKET IDEAS:

Expect more back and forth until the market gets a better handle on West Africa mid-crop production. The steep selloff from the contract highs has left a wide range, but we look for July cocoa to hold last week's low at 6990. Look for resistance at 9323 with support at 8145.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

None.

#### COCOA TECHNICAL OUTLOOK:

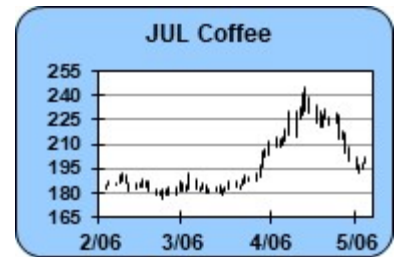
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COCOA (JUL) 05/10/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market's close below the pivot swing number is a mildly negative setup. The near-term upside target is at 9239. The next area of resistance is around 8975 and 9239, while 1st support hits today at 8415 and below there at 8118.

### DAILY COFFEE COMMENTARY 5/10/2024

## Dry conditions in Brazil and Vietnam remain a concern.

Brazil's major Arabica growing regions have seen little or no rain for the past two weeks, and this is raising concerns about their 2024/25 crop. Vietnam's growing areas remain dry as well. The US Climate Prediction Center has given a 69% chance for La Nina to arrive in the July-September timeframe, which could bring increased rainfall to southeast Asia. However, this would be in time to allow Vietnam's lakes and reservoirs to be replenished before the start of the 2024/25 season. The Buon Ma Thuot Coffee Association said yesterday that this month's total rainfall in Dak Lak province in Vietnam is likely to be 50% lower than last year. Vietnam exported 737,797 tonnes of coffee from January through April, up 2.8% from the same period last year. April exports at 152,073 tonnes were down 19.5% from March. ICE exchange arabica stocks rose by 11,943 bags yesterday, and they are up almost 40,000 bags since the start of the month. They are also near a one-year high.



### TODAY'S MARKET IDEAS:

Dry conditions in Vietnam and Brazil could support a further recovery rally. Look for resistance in July coffee today at 201.70, the 50-day moving average. A move above there could spark a rally to 212.50 or 218.75. Look for support at 193.60.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### COFFEE TECHNICAL OUTLOOK:

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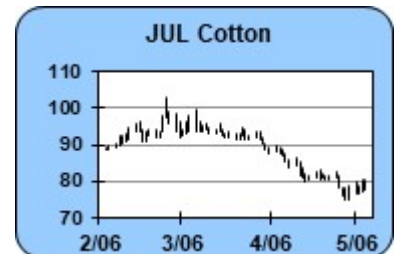
COFFEE (JUL) 05/10/2024: The major trend could be turning up with the close back above the 60-day moving average. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The next downside target is now at 196.80. The next area of resistance is around 203.39 and 204.60, while 1st support hits today at 199.50 and below there at 196.80.

## DAILY COTTON COMMENTARY

5/10/2024

### Trade expects ample US and global supply in 2024/25.

July cotton is lower this morning as the market has brushed aside yesterday's bullish export sales report in anticipation of the USDA supply/demand report today that will show the first breakdown for the 2024/25 season. For the report, a Bloomberg survey shows an average trade 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 and would be in the middle of a 10-year range of 12.1-19.9 million. Exports are expected to come in around 13.14 million bales (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 weekly US Drought Monitor showed approximately 8% of US cotton production was in an area experiencing drought as of May 7, unchanged from last week and down from 38% last year and 56% two years ago. US cotton export sales for the week ending May 2 came in at 253,660 bales for the 2023/24 (current) marketing year and 158,872 for 2024/25 for a total of 412,532.



This was up from 131,815 the previous week and was the highest since January 11. Cumulative sales for 2023/24 have reached 101% of the USDA forecast for the marketing year versus a five-year average of 105% for this point in the season. Shipments totaled 249,628 bales for the week after falling to 179,980 the previous week. The largest buyer week was China at 121,224 bales, followed by Pakistan at 58,342. The Biden administration added 37 Chinese entities to a trade restriction list yesterday, including some for allegedly supporting the spy balloon that flew over the US last year, heightening tensions between Beijing and Washington and throwing some shade on export prospects. China's agriculture ministry is forecasting that nation's 2024/25 cotton imports at 2.0 million tonnes, down from 2.8 million in 2023/24. However, the 2023/24 number was increased from 2.3 million in last month's report.

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

We could see some volatility in the wake of the USDA report today. The main trend is down, and the bounce this week has alleviated some of the short-term oversold condition, but the lack of a weather premium could provide support. Look for resistance in July cotton 80.55 and 82.96, with support at 76.75 and 74.93.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

None.

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

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COTTON (JUL) 05/10/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's short-term trend is positive on the close above the 9-day moving average. The market tilt is slightly negative with the close under the pivot. The near-term upside objective is at 81.25. The next area of resistance is around 79.82 and 81.25, while 1st support hits today at 77.38 and below there at 76.36.

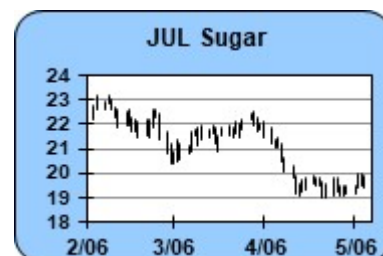
COTTON (DEC) 05/10/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The market setup is somewhat negative with the close under the 1st swing support. The near-term upside target is at 78.42. The next area of resistance is around 77.34 and 78.42, while 1st support hits today at 75.58 and below there at 74.91.

## **DAILY SUGAR COMMENTARY**

**5/10/2024**

### **Dry weather in Center-South Brazil could become a concern.**

July sugar broke out above a three-week consolidation earlier this week, but it has not built on its rally. The market could be building a base of support for a potential rally as it waits to see how the Brazilian crop fares. The agricultural consultancy Datagro said this week that it expects a small global sugar surplus of 1.62 million tonnes in 2024/25 after posting a deficit of 1.79 million in 2023/24. Brazil's production has gotten off to a strong start for 2024/25, but dry conditions in Center-South sugar growing areas could lower yields as the season progresses. The US Climate Prediction Center (CPC) has given a 69% chance for a La Nina weather event to begin during the July/September timeframe. This could bring increased rainfall to India and Thailand cane-growing areas after dry conditions lowered their 2023/24 crops. The July/September timeframe coincides with three of the four months of India's monsoon season, and that could increase the chances for above average rainfall this year.



### TODAY'S MARKET IDEAS:

The bulls may get interested if Brazil's weather stays dry. After its attempted breakout this week, July sugar is back inside a range bound roughly by 19 and 20 cents. A breakout to the upside would project to around 21.00 and a breakout to the downside to 18.00.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### SUGAR TECHNICAL OUTLOOK:

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SUGAR (JUL) 05/10/2024: The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's short-term trend is positive on the close above the 9-day moving average. The market tilt is slightly negative with the close under the pivot. The near-term upside target is at 20.07. The next area of resistance is around 19.81 and 20.07, while 1st support hits today at 19.35 and below there at 19.14.

### OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (JUL) 05/10/2024: 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. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The near-term upside objective is at 389.60. The next area of resistance is around 387.40 and 389.60, while 1st support hits today at 378.60 and below there at 371.95.

### 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
<b>SOFTS MARKETS COMPLEX</b>										
SBAN24	19.58	46.69	43.52	42.42	53.31	19.65	19.51	19.48	20.67	20.94
CTAN24	78.60	42.62	39.40	27.65	38.01	78.31	78.15	79.81	86.70	88.66
CTAZ24	76.46	44.61	41.63	28.98	41.99	76.31	76.18	77.08	80.75	81.50
CCAN24	8695	45.74	47.11	28.46	30.84	8381.75	8414.78	9557.61	8879.56	8111.53
OJAN24	383.00	66.83	61.72	67.03	78.52	373.74	371.04	368.23	363.77	363.34
KCAN24	201.45	38.03	42.66	14.98	13.59	197.71	206.43	217.61	203.82	198.52
MAM24	20.36	83.76	77.38	93.47	93.44	19.86	19.22	18.60	17.65	17.74

Calculations based on previous session. Data collected 05/09/2024

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>						
SBAN24	Sugar	19.13	19.34	19.60	19.81	20.07
CTAN24	Cotton	76.35	77.37	78.80	79.82	81.25
CTAZ24	Cotton	74.90	75.58	76.66	77.34	78.42
CCAN24	Cocoa	8117	8414	8678	8975	9239
OJAN24	Orange Juice	371.90	378.55	380.75	387.40	389.60
KCAN24	Coffee	196.80	199.49	200.70	203.39	204.60

MAM24	Milk	19.71	20.03	20.36	20.68	21.01
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