



## DAILY SOFTS COMMENTARY

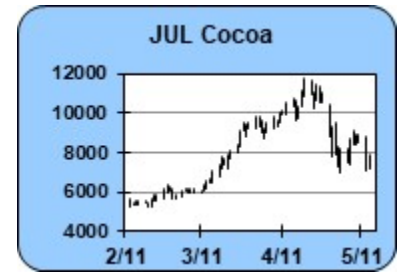
Wednesday May 15, 2024

### DAILY COCOA COMMENTARY

5/15/2024

#### Global supplies are still tight.

July cocoa has a quasi-double-bottom at 6990 and 7025, and the fact that these levels are this/close to the 50% retracement of the move from the contract low to the contract high suggests the market may have reached a near term low. A large global production deficit is still expected for 2023/24, and west Africa still needs rain to save their mid-crop production and set them up for a decent recovery in 2024/25. Ivory Coast growers expressed disappointment with the rain totals last week. A rally in the Euro to a five-week high yesterday puts European grinders in a position to be more assertive in bidding for cocoa. Demand expectations may have also received a boost from dovish Fed commentary. An Ivory Coast trade organization said their nation's independent power producers have reduced their power supply by 20% and may keep it at low levels over the rest of the year. This could have a significant impact on cocoa grinding operations, which could result in cocoa beans that had been destined for processing being diverted to the export market.



#### TODAY'S MARKET IDEAS:

July cocoa comes has found support near the 50% retracement of the entire move, and traders may be reluctant to press the market further until there is evidence that West African mid-crop production is recovering. Look for resistance at 8762 and 9327, with support at 6990. The next retracement support is down at 5837.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

None.

#### COCOA TECHNICAL OUTLOOK:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

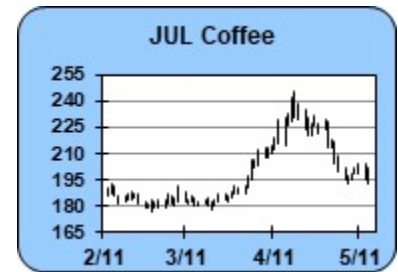
COCOA (JUL) 05/15/2024: Daily stochastics are trending lower but have declined into oversold territory. The market's short-term trend is negative as the close remains below the 9-day moving average. The market's close below the pivot swing number is a mildly negative setup. The next downside target is 6701. The next area of resistance is around 7679 and 8129, while 1st support hits today at 6965 and below there at 6701.

### DAILY COFFEE COMMENTARY

5/15/2024

## Brazil coffee exports up 61% from year ago in April.

July coffee has tested 100-day moving average support twice over the past six sessions and managed to bounce off that line both times. The market survived the news from Cecafe yesterday that Brazilian green coffee exports in April were 61% higher than a year ago, with arabica exports up 40% and robusta export five times higher than last year. Drier than normal weather has helped move the harvest along, but there are concerns that this could eventually reduce the size of the crop. Less than 10% of this year's harvest has been completed so far. ICE exchange arabica stocks increased another 13,971 bags yesterday. They have nearly tripled since the end of last year.



### TODAY'S MARKET IDEAS:

The coffee market is short term oversold, and stochastics have crossed to a buy signal from a low level. Brazilian harvest is starting out strong and worries about Vietnam's robusta crop have eased. Look for support in July coffee at 193.30 with resistance 204.55, followed by 207.85. A break below support would leave 184.50 as the next downside target.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### COFFEE TECHNICAL OUTLOOK:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

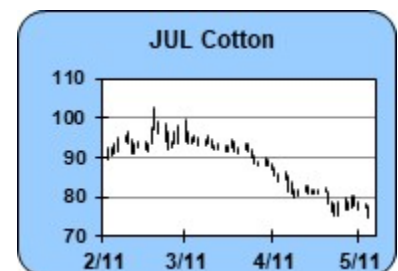
COFFEE (JUL) 05/15/2024: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. A bullish signal was given with an upside crossover of the daily stochastics. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The market's short-term trend is positive on the close above the 9-day moving average. The upside closing price reversal on the daily chart is somewhat bullish. A positive setup occurred with the close over the 1st swing resistance. The next upside target is 207.86. Short-term indicators suggest buying pullbacks today. The next area of resistance is around 205.27 and 207.86, while 1st support hits today at 196.43 and below there at 190.17.

## DAILY COTTON COMMENTARY

5/15/2024

### Benign weather forecast, good soil moisture.

A bearish weather outlook for the US has sent cotton prices to their lowest levels in six months. The Crop Progress report on Monday showed 33% of the US cotton crop was planted as of Sunday versus 31% a year ago, which is also the 10-year average. US soil moisture is much better than it has been for the past couple of years, with only 8% of US production in an area experiencing drought versus 38% a year ago and 56% two years ago. Last week's USDA report put 2024/25 US cotton production at its highest level in four years and world production at an all-time high. The one positive out of that report was that world ending stocks were forecast to be the lowest in nine years. With prices down 28% since February, there does not appear to be much weather premium built into the market, but there does not appear to be much of a threat either. India is anticipating decent monsoon rainfall this year with the departure of El Nino expected in the next month or so. Managed money traders are holding a modest short position, and the steady selling of the past two months has been a bearish force. The 6-10-day forecast calls for above normal temperatures and below normal rainfall for west Texas, but



the 8-10 day has slightly less heat and a return to normal/above normal rainfall. After rising steadily for two months, ICE certified stocks have fallen for six straight sessions and are down 20,845 bales (-11%) from their peak.

**TODAY'S MARKET IDEAS:**

Weather and soil moisture levels point to smooth sailing for the US crop this year, and fund sellers appear to be banking on that. Next support for July cotton comes in at 72.18, the low from October, with resistance at 76.65.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**COTTON TECHNICAL OUTLOOK:**

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

COTTON (JUL) 05/15/2024: The daily stochastics have crossed over down which is a bearish indication. 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 market is in a bearish position with the close below the 2nd swing support number. The next downside objective is 72.17. The next area of resistance is around 76.26 and 78.72, while 1st support hits today at 72.99 and below there at 72.17.

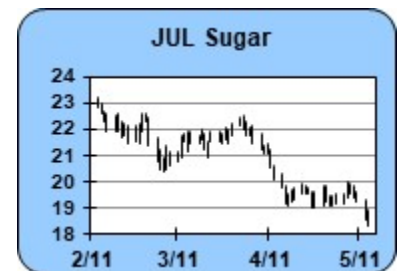
COTTON (DEC) 05/15/2024: The daily stochastics have crossed over down which is a bearish indication. Daily stochastics are trending lower but have declined into oversold territory. The close below the 9-day moving average is a negative short-term indicator for trend. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is now at 72.69. The next area of resistance is around 75.13 and 76.49, while 1st support hits today at 73.23 and below there at 72.69.

**DAILY SUGAR COMMENTARY**

**5/15/2024**

**Trade expecting a bearish for UNICA report this week.**

The trade is awaiting the Unica Brazil sugar supply report for the second half of April, which is due to be released any day. The report for the first half showed Center-South sugar production was 31% above a year ago, and the trade is apparently looking for the second half to be 50% higher. Dry conditions have gotten the harvest off to a strong start, but they could bring lower yield as the season progresses. Crude oil prices were lower for the second straight session overnight and they were back in the vicinity of the two-month low from May 6. Lower energy prices can pressure sugar on ideas they reduce the attractiveness for mills to divert cane processing to ethanol.



**TODAY'S MARKET IDEAS:**

The trade seems to be counting on the UNICA report showing second-half April Brazil Center-South sugar production running 50% ahead of a year ago, and anything short of that could encourage some short covering. The market held the 0.618 retracement of the rally from the contract low in 2021 to the contract high from November yesterday, and that level (18.31) could hold the market for a while. However, the break below the four-week consolidation this week left a downside target of 17.94.

**NEW RECOMMENDATIONS:**

Long an August sugar 20.00/23.00 bull call spread at 0.32 with an objective of 2.50. Risk the entire spread premium on the trade.

### PREVIOUS RECOMMENDATIONS:

None.

### SUGAR TECHNICAL OUTLOOK:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

SUGAR (JUL) 05/15/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's short-term trend is negative as the close remains below the 9-day moving average. The upside closing price reversal on the daily chart is somewhat bullish. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is 18.11. The next area of resistance is around 19.19 and 19.39, while 1st support hits today at 18.55 and below there at 18.11.

### OJ TECHNICAL OUTLOOK:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

ORANGE JUICE (JUL) 05/15/2024: Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. If yesterday's gap higher on the day session chart holds, additional buying could develop this session. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside objective is 437.80. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 433.25 and 437.80, while 1st support hits today at 415.10 and below there at 401.50.

### 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	18.87	36.71	37.20	36.48	31.15	19.10	19.33	19.40	20.52	20.77
CTAN24	74.63	30.41	31.59	29.26	23.87	77.04	77.39	78.95	85.45	87.75
CTAZ24	74.18	35.09	35.22	30.55	25.80	75.35	75.59	76.52	80.18	81.02
CCAN24	7322	35.09	38.97	25.39	19.03	8018.50	8068.22	9138.67	8991.82	8231.83
OJAN24	424.15	85.10	77.35	83.00	94.31	401.40	384.49	375.72	367.17	365.82
KCAN24	200.85	41.24	43.77	15.62	16.74	199.88	199.53	211.96	204.74	199.29
MAM24	20.86	76.83	74.51	92.94	90.06	20.75	20.02	19.14	17.90	17.88

Calculations based on previous session. Data collected 05/14/2024

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	18.11	18.55	18.75	19.19	19.39
CTAN24	Cotton	72.16	72.98	75.44	76.26	78.72
CTAZ24	Cotton	72.69	73.23	74.59	75.13	76.49
CCAN24	Cocoa	6701	6965	7415	7679	8129
OJAN24	Orange Juice	401.40	415.05	419.60	433.25	437.80
KCAN24	Coffee	190.16	196.42	199.01	205.27	207.86
MAM24	Milk	20.16	20.42	21.02	21.28	21.88

Calculations based on previous session. Data collected 05/14/2024

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

\*\*\*This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent

*verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.*