

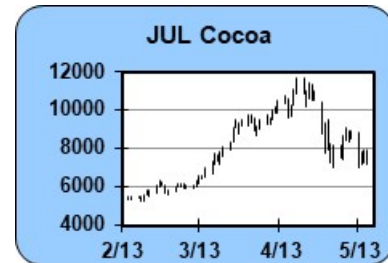


DAILY SOFTS COMMENTARY Friday May 17, 2024

DAILY COCOA COMMENTARY 5/17/2024

Lukewarm global risk sentiment keeps market on the defensive late this week

Unless there is a positive turnaround in global risk sentiment, cocoa is likely to finish the week on a downbeat note. July cocoa finished lower yesterday and continues to trade inside the range established Monday. The May London cocoa contract had 53,000 tonnes delivered, which was smaller than last year's comparable delivery. It also indicates that European near-term supply may not be as tight as feared and has put the cocoa market back on the defensive. The shift towards wetter weather over West African growing areas should improve the outlook for this season's late midcrop and next season's early main crop production. Early projections have the upcoming 2024/25 season (which starts in October) with a fourth global production deficit in a row. It's estimated to be much smaller than this season's record high deficit due to larger production and weaker global demand due to historically high prices.



TODAY'S MARKET IDEAS:

Cocoa has overcome pressure from key outside markets to have a positive start to today's trading, but the market remains on-track for a third negative weekly result over the past four weeks. With global risk sentiment having a lukewarm tone late this week, cocoa could see a retest of the May lows in the near future. Near-term resistance for July cocoa is at 7850 while support is down at 7375.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

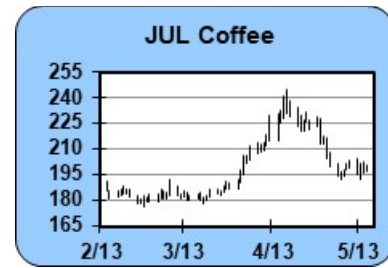
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COCOA (JUL) 05/17/2024: Daily stochastics are trending lower but have declined into oversold territory. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market could take on a defensive posture with the daily closing price reversal down. The close below the 1st swing support could weigh on the market. The next downside target is now at 6736. The next area of resistance is around 7767 and 8233, while 1st support hits today at 7019 and below there at 6736.

DAILY COFFEE COMMENTARY 5/17/2024

Coiling price action as market unable to overcome recent bearish supply news

Coffee continues to see coiling price action late this week as the market has been unable to overcome pressure from recent bearish supply news. While the market remains firmly within its mid-May consolidation zone, lukewarm global risk sentiment has coffee more vulnerable to a downside breakout than to starting a longer-term rebound. Brazilian exports over the past few months have been much greater than last year's levels. This is due to a sizable 2023/24 Arabica crop as well as delays in shipments from their port congestion late last year. However, this export surge reflects Brazil's ample near-term supply at the same time as their new Arabica harvest is in its early stages, and that is weighing on coffee prices. The buildup of ICE exchange coffee stocks continued Thursday with an increase of 9,429 bags as they reached their highest levels since April 2023 and nearly 200% above stock levels year to date. This is partly due to an inflow of Brazilian 2023/24 supply. It also reflects lukewarm demand which has weighed on coffee prices over the past few months.



TODAY'S MARKET IDEAS:

Coffee's managed money net long position is still at historically high levels that should provide fuel for a wave of additional long liquidation. If risk appetites turn negative, coffee could drop to 1 1/2-month lows during today's action. Near-term resistance for July coffee is at 202.65 while support is down at 196.75.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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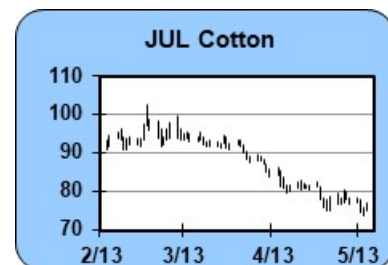
COFFEE (JUL) 05/17/2024: Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside target is at 201.82. The next area of resistance is around 199.70 and 201.82, while 1st support hits today at 196.10 and below there at 194.63.

DAILY COTTON COMMENTARY

5/17/2024

Maintains upside momentum following Wednesday's reversal

July cotton sold off in reaction to the USDA export sales report yesterday, but quickly resumed its climb off Wednesday's 19-month low and has followed through with a mild early gain coming into this morning's action. The steep selloff from the February contract high left little or no weather premium in the market and sellers may be getting cautious. The fact that the market managed to recover so quickly could also have emboldened the bulls.



The export sales report showed US cotton export sales for the week ending May 9 came at 156,450 bales for the 2023/24 (current) marketing year and 140,603 for 2024/25 for a total of 297,053. This was down from 412,532 the previous week, but it was still the second highest since February 1. Cumulative sales for 2023/24 have reached 11.802 million bales, down from 12.632 million a year ago and the

lowest for this point in the season since 2015/16. Sales have reached 102% of the USDA forecast for the marketing year versus a five-year average of 106% for this point in the season. Shipments totaled 238,755 bales for the week, which was their second lowest since January 18. The largest buyer of old crop cotton this week was China at 63,609 bales, followed by Vietnam at 27,603 and Pakistan at 22,554. China has the most commitments for 2023/24 at 4.666 million bales, followed by Pakistan at 1.613 million and Vietnam at 1.223 million.

The weekly US Drought Monitor showed approximately 6% of US cotton production was within an area experiencing drought as of May 14, down from 8% the previous week, 37% a year ago, and 56% two years ago. This should put the crop in a strong position to start.

TODAY'S MARKET IDEAS:

The Dollar has extended its recovery move with moderate early gains this morning that will pressure the cotton market as it makes US cotton less competitive in the global export market. On the other hand, cotton prices continue to see upside follow-through from Wednesday's daily reversal and are within striking distance of a positive weekly result. If global risk sentiment can turn positive going into the weekend, cotton prices should maintain upside momentum. Look for support in July cotton at 75.22 and 73.68, with resistance up at 77.91 and 79.65.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (JUL) 05/17/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's short-term trend is negative as the close remains below the 9-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is now at 74.22. The next area of resistance is around 77.24 and 78.25, while 1st support hits today at 75.23 and below there at 74.22.

COTTON (DEC) 05/17/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. The market setup is supportive for early gains with the close over the 1st swing resistance. The next downside objective is now at 73.70. The next area of resistance is around 75.89 and 76.53, while 1st support hits today at 74.48 and below there at 73.70.

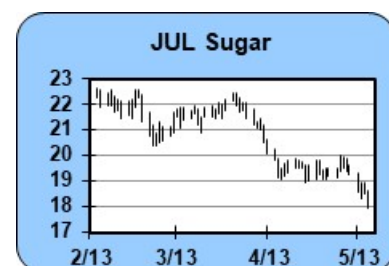
DAILY SUGAR COMMENTARY

5/17/2024

Unable to overcome recent bearish supply developments

While sugar prices received carryover support from key outside markets late this week, that has not been enough to overcome recent bearish supply developments. Unless a strong "risk on" mood can redevelop in commodity markets, sugar is likely to post a sizable weekly loss.

July sugar rebounded from a 14-month low but was unable to climb out of negative territory as it finished Thursday with a moderate loss and has held within a tight early range in the early going. Brazil's Center-South sugar production and cane crushing have come in far above last year's totals during March and April, which continues to pressure the sugar price as that should result in large



exportable supply during the rest of the second quarter. Keep in mind that their strong early pace will not continue, and that their full-season 2024/25 Center-South sugar production should come in well below last season's record high. India is expected to receive above-average monsoon rainfall this year that should benefit their upcoming cane production. A Philippine trade group said their nation needs to import 200,000 tonnes of sugar to prevent supply shortages as several of their major growing areas were damaged by the recently-ended El Nino weather event.

TODAY'S MARKET IDEAS:

The Brazilian currency reached a 1-week high on Thursday while crude oil and RBOB are on-track for weekly reversals from 2-month lows this morning, both of which are providing carryover support to the sugar market. Even with that boost, sugar prices have been unable to find their footing as the market needs to receive bullish supply developments to regain upside momentum. Near-term resistance for July sugar is at 18.65 while support is down at 17.76.

NEW RECOMMENDATIONS:

None.

PREVIOUS 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.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (JUL) 05/17/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is 17.62. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 18.68 and 19.01, while 1st support hits today at 17.98 and below there at 17.62.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (JUL) 05/17/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. The close over the pivot swing is a somewhat positive setup. The next upside target is 445.50. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 443.15 and 445.50, while 1st support hits today at 433.80 and below there at 426.80.

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	18.33	29.21	32.07	30.03	23.50	18.62	19.15	19.28	20.38	20.65
CTAN24	76.23	39.59	37.68	26.20	24.68	75.98	77.16	78.29	84.62	87.20
CTAZ24	75.19	42.97	40.67	26.27	24.10	74.82	75.52	76.15	79.77	80.74
CCAN24	7393	38.02	40.65	21.44	17.36	7431.00	8015.78	8733.72	9041.60	8298.78
OJAN24	438.50	88.13	80.65	88.86	94.97	423.85	398.28	383.27	370.62	368.09
KCAN24	197.90	37.57	41.33	16.55	17.04	198.55	198.47	208.50	205.45	199.72
MAM24	21.12	78.94	76.07	89.30	86.37	21.02	20.45	19.44	18.06	17.98

Calculations based on previous session. Data collected 05/16/2024

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	17.61	17.98	18.31	18.68	19.01
CTAN24	Cotton	74.21	75.22	76.23	77.24	78.25
CTAZ24	Cotton	73.69	74.47	75.11	75.89	76.53
CCAN24	Cocoa	6735	7018	7484	7767	8233
OJAN24	Orange Juice	426.75	433.75	436.10	443.15	445.50
KCAN24	Coffee	194.62	196.10	198.22	199.70	201.82
MAM24	Milk	20.57	20.87	21.06	21.36	21.55

Calculations based on previous session. Data collected 05/16/2024

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