

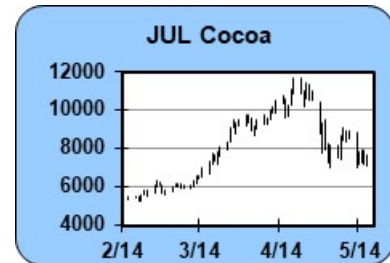


**DAILY SOFTS COMMENTARY**  
Monday May 20, 2024

**DAILY COCOA COMMENTARY**  
5/20/2024

**Resuming the selloff?**

July cocoa appears to be resuming its selloff with its move below the May 3 low overnight. The market is holding right around 100-day moving average support at 6870 after trading below it early this morning. The shift towards wetter weather over West African growing areas should help improve soil moisture levels following the region's dry season, which ended in March, and this could help improve West African production during the late mid-crop and into next season's main crop. Ivory Coast's Coffee and Cocoa Council has suspended around 40 cooperatives which they suspect were illegally hoarding cocoa beans to sell them at a higher price to exporters struggling to fulfill their contracts. If those co-ops can be forced to market their cocoa to lift their suspension, it may provide some relief to Ivory Coast exporters. Friday's Commitments of Traders showed managed money traders were net buyers of 674 contracts of cocoa for the week ending May 14, increasing their net long slightly to 15,048. This is down from a net long of 70,000 in January and offers little threat of long liquidation. Ivory Coast cocoa arrivals reached 1.437 million tonnes for October 1 through May 19 versus 2.030 million for the same period last year.



**TODAY'S MARKET IDEAS:**

The break overnight took nearby cocoa below the 50% retracement of the rally from March 2021 low to the all-time high in April, and that level, 7080, could be a key bull/bear line this week. The next retracement support is down at 5858. A bull/bear line today could be the 100-day moving average at 6870, with support at 5990 and resistance at 7951.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

Commitment of Traders - Futures and Options - 5/7/2024 - 5/14/2024						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Softs						
Cocoa	14,686	-143	-20,173	+513	5,487	-370

**COCOA TECHNICAL OUTLOOK:**

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COCOA (JUL) 05/20/2024: Momentum studies are declining, but have fallen to oversold levels. The close below the 9-day moving average is a negative short-term indicator for trend. The market's close below the pivot swing number is a mildly negative setup. The next downside target is 6832. The next area of resistance is around 7622

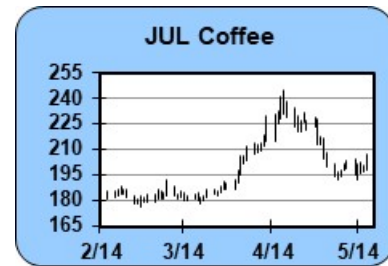
and 7927, while 1st support hits today at 7074 and below there at 6832.

## DAILY COFFEE COMMENTARY

5/20/2024

### Vietnam and Brazil need rain.

July coffee broke out of a two-week consolidation on Friday and traded to its highest level since May 2, leaving an upside target of 216.95. The market drew support from a USDA report that projected coffee production in three Central American nations to be relatively stable in 2024/25 but at historically low levels. USDA blamed exchange rate challenges, persistent labor issues, and above-average precipitation. Guatemala is the fourth largest producer in the world, and their 2024/25 production was forecast at 3.25 million bags, down 100,000 from 2023/24. Costa Rica's production was forecast at 1.18 million bags, stable with 2023/24. El Salvador's was projected at 560,000 bags, up 5,000 from 2023/24, but well below the peak of almost 3 million from 20 years ago. Insufficient rainfall in Vietnam and Brazil was also supportive. ICE exchange arabica stocks increased by 10,505 bags on Friday to reach a new 2024 high. Friday's Commitments of Traders report showed managed money traders were net sellers of 6,481 contracts of NY coffee for the week ending May 14, reducing their net long to 52,567. This is down from a record net long 71,811 from late April, which is still relatively high, and it leaves room for additional long liquidation.



### TODAY'S MARKET IDEAS:

Traders will be watching for updates from Vietnam and Brazil to see if there is relief coming from dry conditions. The breakout of the sideways pattern last week has left an upside target in July coffee at 216.95. Look for support at 197.90.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/7/2024 - 5/14/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Coffee	59,880	-4,324	-62,331	+5,072	2,452	-746

### COFFEE TECHNICAL OUTLOOK:

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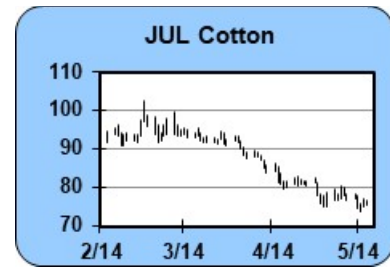
COFFEE (JUL) 05/20/2024: The cross over and close above the 60-day moving average indicates the longer-term trend has turned up. The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The close above the 9-day moving average is a positive short-term indicator for trend. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The near-term upside objective is at 213.81. The next area of resistance is around 211.22 and 213.81, while 1st support hits today at 201.98 and below there at 195.32.

## DAILY COTTON COMMENTARY

5/20/2024

**Not much of a bull case except for the relatively low price.**

The cotton market is struggling to establish a low. US weather is benign, and the US crop appears to be well positioned for a recovery from last year. Soil moisture in west Texas is much better than it has been for the past couple of years. US cotton plantings were proceeding at an average pace as of last week's Crop Progress report. This pace may have slowed down in the Delta and southeastern US last week due to heavy rains, and this could show up in this afternoon's Progress report. With prices down 28% from their peak in February, there is not much of a premium built into the market, which could be an issue if a weather problem develops. US export sales last week slipped from a strong number the previous week, but they have been running at a decent clip for the past month. Strong equity market action and recent indication of an improvement in China's economic outlook are bullish for demand. The decline in the dollar off the May high also helps US export prospects. Friday's Commitments of Traders report showed managed money traders were net sellers of 1,615 contracts of cotton for the week ending May 14, increasing their net short to 15,314. This is their biggest net short since May 2, 2023, but it is far from the record 47,428 from August 2019. This suggests the funds could increase selling if they lean into a bearish outlook.



**TODAY'S MARKET IDEAS:**

It is hard to build a bullish case except that there is little weather premium in the market at the start of the growing season. Look for support in July cotton at 75.00 and 73.68, with resistance at 77.24 and 78.51.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

Commitment of Traders - Futures and Options - 5/7/2024 - 5/14/2024						
	Non-Commercial		Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
<b>Softs</b>						
<b>Cotton</b>	6,472	-345	-4,456	+2,330	-2,017	-1,987

**COTTON TECHNICAL OUTLOOK:**

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COTTON (JUL) 05/20/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. A negative signal for trend short-term was given on a close under the 9-bar moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is now at 74.76. The next area of resistance is around 76.52 and 77.31, while 1st support hits today at 75.25 and below there at 74.76.

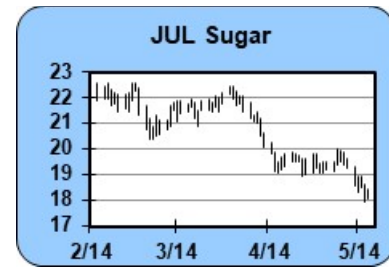
COTTON (DEC) 05/20/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication the short-term trend remains negative. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is 74.10. The next area of resistance is around 75.46 and 76.07, while 1st support hits today at 74.48 and below there at 74.10.

**DAILY SUGAR COMMENTARY**

5/20/2024

## Rejection of last week's low?

July sugar reversed higher overnight after failing to test last Thursday's 14-month low. The nearby contract fell below the 50% retracement of the rally from the 2020 low to last November's high last week, and that level, 18.59, could be key resistance, as a close back above it would suggest a correction of the selloff is underway. The market received bearish news from Brazil last week, with the UNICA report showing Center-South sugar production for the second half of Brazil running 84% above the same period last year. Dry conditions help harvest and crush operations, but they could eventually pull yields down. With the departure of El Nino expected this summer, India is expected to see above-average monsoon rainfall this year, which should benefit their 2024/25 cane crop. China's sugar imports in April were 27% below year-ago levels, but January-April imports they were up 23% from last year. Germany's farmers have increased their sugar beet sowings for 2024/25 by 6.5% to 421,600 hectares. Friday's Commitments of Traders report showed managed money traders were net sellers of 9,212 contracts of sugar for the week ending May 14, increasing their net short to 19,053. This is the largest net short since August 2022, but with a historic range of -235,000 to +286,000, this is close to a neutral position. The selling trend is negative.



### TODAY'S MARKET IDEAS:

A move above 18.59 in nearby sugar could spark a bigger correction to 20.00 or perhaps 20.85. Look for resistance July sugar at 18.73 and 18.97, with support at 17.95.

### 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.

Commitment of Traders - Futures and Options - 5/7/2024 - 5/14/2024						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Softs						
Sugar	-510	-10,180	14,777	+21,116	-14,267	-10,936

### SUGAR TECHNICAL OUTLOOK:

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SUGAR (JUL) 05/20/2024: 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's close below the pivot swing number is a mildly negative setup. The next downside target is now at 17.81. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 18.32 and 18.58, while 1st support hits today at 17.94 and below there at 17.81.

### OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (JUL) 05/20/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The next upside target is 460.25. With a reading over 70, the 9-day RSI is approaching overbought

levels. The next area of resistance is around 456.15 and 460.25, while 1st support hits today at 440.75 and below there at 429.40.

### 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	18.13	26.82	30.35	25.99	17.89	18.50	19.00	19.19	20.31	20.59
CTAN24	75.89	38.28	36.88	26.14	26.01	75.54	77.03	77.97	84.23	86.91
CTAZ24	74.97	41.72	39.88	25.94	25.27	74.66	75.48	75.98	79.58	80.60
CCAN24	7348	37.63	40.38	19.84	16.65	7476.50	7989.11	8561.72	9054.69	8326.18
OJAN24	448.40	89.81	82.59	91.51	96.81	434.91	407.36	388.11	372.65	369.42
KCAN24	206.60	52.42	50.44	19.17	24.41	201.19	199.73	207.66	205.99	200.13
MAM24	21.46	81.60	78.09	89.27	89.23	21.07	20.67	19.62	18.15	18.03

Calculations based on previous session. Data collected 05/17/2024

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	17.80	17.93	18.19	18.32	18.58
CTAN24	Cotton	74.75	75.24	76.03	76.52	77.31
CTAZ24	Cotton	74.09	74.47	75.08	75.46	76.07
CCAN24	Cocoa	6831	7074	7379	7622	7927
OJAN24	Orange Juice	429.35	440.70	444.80	456.15	460.25
KCAN24	Coffee	195.31	201.97	204.56	211.22	213.81
MAM24	Milk	20.82	21.19	21.36	21.72	21.90

Calculations based on previous session. Data collected 05/17/2024

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