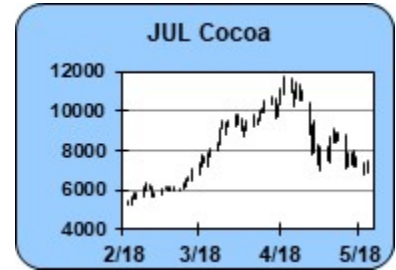




DAILY COCOA COMMENTARY
5/22/2024

Bounce off retracement support?

July cocoa has found support at the 50% retracement of the entire move from the contract low to the contact high this week, despite recent improvements in the rainfall for west Africa. The outlook for the mid-crop is improving, but a large global production deficit is still expected for the 2023/24 marketing year, and another deficit, albeit smaller, is expected for 2024/25. West African cocoa trees will need additional rainfall over the next few months to improve their upcoming production. Rain is in the forecast on most days through early next week, which is not surprising given the region is in its rainy season, but it marks a dramatic improvement from earlier this month. The shift from El Nino to La Nina this summer could also improve crop prospects, provided it does not bring the excessive amounts of rain the region saw last summer, which slowed harvest and drying and brought on increased occurrences of black pod and swollen shoot diseases.



TODAY'S MARKET IDEAS:

With the market having corrected 50% of its historic rally and the west African crop not out of the woods yet, one could make an argument that the low this week will hold. The first upside retracement objective for July cocoa comes in at 8080. A break below this week's low at 6767 would leave the next major support at 5830.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

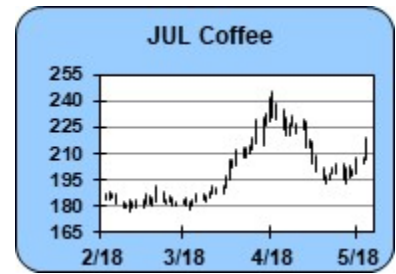
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COCOA (JUL) 05/22/2024: A bullish signal was given with an upside crossover of the daily stochastics. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The market's short-term trend is negative as the close remains below the 9-day moving average. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 7879. The next area of resistance is around 7685 and 7879, while 1st support hits today at 7103 and below there at 6716.

DAILY COFFEE COMMENTARY
5/22/2024

Crop concerns reemerge for Brazil and Southeast Asia.

July coffee was up slightly overnight following yesterday's breakout rally. An extended dry period in Minas Gerais, Brazil has raised concerns about their upcoming arabica crop, and dry conditions during April in Vietnam during have raised concerns about flowering for their new robusta crop. Earlier this week, USDA projected Honduras 2024/25 coffee production at 5.5 million bags, which would be down a substantial 24% from last year. They blamed disease and labor shortages. USDA forecast Colombia's production at 12.4 million bags, up slightly from 12.2 million in 2023/24, which was revised higher from a previous forecast of 11.5 million. This is well below levels seen from 2016 to 2020, when their output ranged from 13.4 to 14.6 million bags. ICE exchange coffee stocks fell 2,025 bags yesterday with no grading taking place. They remain just below Monday's 14-month high. London coffee prices also shot higher.



TODAY'S MARKET IDEAS:

July coffee achieved the 50% retracement of the selloff from the April high to May 14 low yesterday at 218.75 and inched above that level overnight. This leaves the next upside target at 225.05, the 0.618 retracement. Key support comes in at 218.75 today, and a break below that level could inspire some profit taking. Additional support comes in at 208.75.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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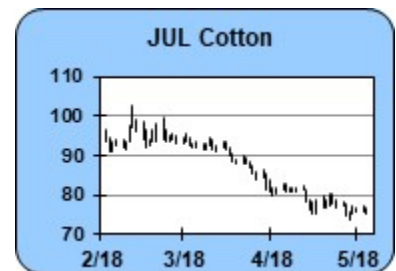
COFFEE (JUL) 05/22/2024: The major trend could be turning up with the close back above the 40-day moving average. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's short-term trend is positive on the close above the 9-day moving average. Since the 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 upside target is 227.71. The next area of resistance is around 223.57 and 227.71, while 1st support hits today at 210.83 and below there at 202.22.

DAILY COTTON COMMENTARY

5/22/2024

A last-minute bid for acres?

July cotton rallied sharply overnight to its highest level since May 10, breaking out above a four-day consolidation. US plantings are proceeding at an average pace, and ample soil moisture in West Texas is a marked improvement over the past couple of years. But the lack of a weather premium has left cotton vulnerable to short covering, especially if the weather turns bullish. So far, the weather has been looking pretty good, but heavy rains in the northern Delta this week could slow plantings. With prices having fallen 28% from their highs in November, traders may see the need to bid prices higher to attract acres. US cotton growers are facing decision points on whether to plant cotton, as they face prevent-plant deadlines to be eligible for crop insurance.



TODAY'S MARKET IDEAS:

July cotton's breakout above a four-day consolidation overnight is more evidence that the market put in a major low last week. Key trendline resistance comes in at 78.83 today, with additional resistance at 80.29. The first

retracement objective of the decline from the November high to last week's low comes in at 84.76, and the 50-day moving average is at 84.50. Look for support at 76.71 and 74.98.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (JUL) 05/22/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal up is a positive indicator that could support higher prices. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside objective is at 77.84. The next area of resistance is around 77.24 and 77.84, while 1st support hits today at 75.52 and below there at 74.39.

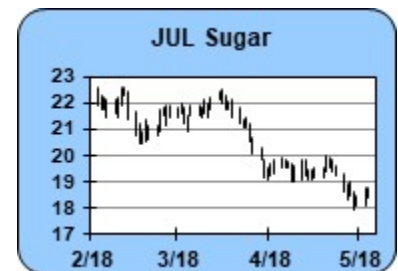
COTTON (DEC) 05/22/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The close above the 9-day moving average is a positive short-term indicator for trend. The upside daily closing price reversal gives the market a bullish tilt. The close over the pivot swing is a somewhat positive setup. The near-term upside target is at 76.39. The next area of resistance is around 75.93 and 76.39, while 1st support hits today at 74.63 and below there at 73.79.

DAILY SUGAR COMMENTARY

5/22/2024

Brazil rains could slow harvest but help crop later.

July sugar was unable to follow through on Monday's outside-day higher close, but it continued to hold its ground above last week's lows. Brazil's major cane-growing regions have several days of rainfall in the forecast, and that may slow down harvesting and crushing operations into early next week, but it could also improve yields later this season. The 2024/25 harvest has gotten off to a quick start, with Center South sugar production running 66% above a year ago through the end of April, the first month of the new season. India's 2024 monsoon is expected to arrive over the mainland on May 31, one day earlier than normal, and it is expected to bring above-average rainfall this year.



TODAY'S MARKET IDEAS:

Despite the strong start, early forecasts are calling for a decline in Brazil Center-South cane crushing from last season's record levels, which could provide fundamental support to the market at last week's lows. A move above 18.79 in July sugar would leave near-term upside targets of 18.95 and 19.19. Look for 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.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (JUL) 05/22/2024: The daily stochastics gave a bullish indicator with a crossover up. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. 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 upside objective is 18.92. The next area of resistance is around 18.73 and 18.92, while 1st support hits today at 18.39 and below there at 18.23.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (JUL) 05/22/2024: 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. A positive setup occurred with the close over the 1st swing resistance. The next upside objective is 463.35. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 460.90 and 463.35, while 1st support hits today at 451.05 and below there at 443.60.

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	18.55	39.64	38.65	25.71	26.25	18.43	18.75	19.10	20.17	20.48
CTAN24	76.38	41.58	38.94	28.80	32.40	76.14	76.46	77.43	83.45	86.34
CTAZ24	75.28	44.57	41.72	27.52	30.06	75.11	75.13	75.70	79.20	80.31
CCAN24	7394	39.41	41.32	18.96	19.36	7337.75	7696.44	8161.11	9051.78	8366.37
OJAN24	455.90	88.37	82.41	94.05	96.80	447.21	424.77	397.37	376.66	371.95
KCAN24	217.20	65.18	59.35	32.34	49.76	207.10	203.03	205.98	207.36	201.23
MAM24	20.48	56.32	61.13	85.17	78.42	21.07	20.90	19.93	18.31	18.10

Calculations based on previous session. Data collected 05/21/2024

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	18.22	18.38	18.57	18.73	18.92
CTAN24	Cotton	74.38	75.51	76.11	77.24	77.84
CTAZ24	Cotton	73.79	74.63	75.09	75.93	76.39
CCAN24	Cocoa	6715	7103	7297	7685	7879
OJAN24	Orange Juice	443.55	451.00	453.45	460.90	463.35
KCAN24	Coffee	202.21	210.82	214.96	223.57	227.71
MAM24	Milk	20.18	20.28	20.57	20.67	20.96

Calculations based on previous session. Data collected 05/21/2024

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