



## DAILY SOFTS COMMENTARY

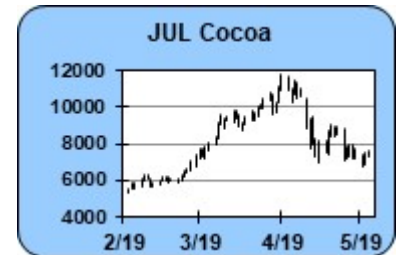
Thursday May 23, 2024

### DAILY COCOA COMMENTARY

5/23/2024

#### Tight supply still an issue.

July cocoa has held support at the 50% retracement of its entire move, and it could hold that level until there is solid evidence that the recent rainfall in west Africa is helping midcrop production. Traders are concerned that many west African growers continue lack adequate fertilizer and pesticides. The region is well into its rainy season, with daily rainfall in the forecast for most days through late next week. This should help to reduce soil moisture concerns that supported the market earlier this year.



#### TODAY'S MARKET IDEAS:

July cocoa has already corrected 50% of its rally, and it may be reluctant to give back much more until it has a better grasp on the west African mid-crop. A move through last week's high of 7951 could set the market up for a rally to 8660 or 9244. Look for support at 6966, followed by 6767.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

None.

#### COCOA TECHNICAL OUTLOOK:

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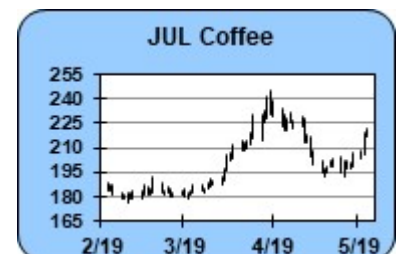
COCOA (JUL) 05/23/2024: Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. The close over the pivot swing is a somewhat positive setup. The near-term upside target is at 7860. The next area of resistance is around 7718 and 7860, while 1st support hits today at 7354 and below there at 7131.

### DAILY COFFEE COMMENTARY

5/23/2024

#### Strong Brazil output balance lower production in Asia.

July coffee has a potential reversal lower pattern going today after opening above yesterday's high and trading below yesterday's low overnight. After the sharp move higher on Tuesday and the lack of significant follow through, recent longs may be getting anxious. Brazil's largest co-op, Cooxupe, said that they expect Brazilian 2023/24 coffee exports to reach 46.3 million bags, which would be a record high. They also estimated the nation's 2025/26 robusta production to exceed 2024/25, if there is good weather. Traders are concerned that the



recent rains in Vietnam have arrived too late to help the crop because damage to flowering has already occurred. A report from coffee trading firm Volcafe put Vietnam's 2024/25 production at 24 million bags, the lowest in 13 years. They said poor rainfall has caused "irreversible damage" to coffee blossoms. They also blamed a lack of fertilizer usage and a loss of acreage to durian trees. They forecast a global robusta deficit of 4.6 million bags in 2024/25, which would be smaller than the 9-million bag deficit in 2023/24. On the other hand, shortages could be offset by increased exports from Brazil. The head of coffee trading at Ecom Group said Brazil could have an excess of 7 million bags, which would offset a deficit of 6 million in Vietnam and Indonesia this year. ICO reported that coffee importers have increased their shipments to Europe recently as they attempt to avoid problems when the EU deforestation law goes into effect in January. ICE exchange coffee stocks were unchanged on Wednesday with no grading taking place. While they remain just below Monday's 14-month high, there are less than 32,000 bags of coffee waiting to be graded.

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

The outside reversal lower action today in July coffee leaves short-term downside retracement targets of 210.45, 206.95, and 203.50. Look for resistance at 221.80 and 225.70.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

None.

#### **COFFEE TECHNICAL OUTLOOK:**

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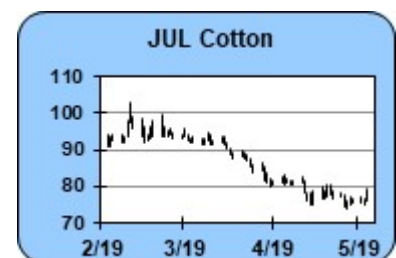
COFFEE (JUL) 05/23/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's short-term trend is positive on the close above the 9-day moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 224.17. The next area of resistance is around 222.70 and 224.17, while 1st support hits today at 218.20 and below there at 215.18.

#### **DAILY COTTON COMMENTARY**

**5/23/2024**

#### **A last-minute bid for acres?**

July cotton appears to have put in at least a temporary low after its 28% decline from the February high had left it with little weather premium. Cotton is also in the position of having to bid for acres against wheat, corn, and soybeans, which have been heading higher recently. Growers have reached or are still approaching prevent-plant dates for crop insurance, when they need to decide which crops they will grow. July cotton closed 3 cents higher yesterday, the limit for the day. The limit expands to 4 cents today. A modest net short held by the funds had left the market vulnerable to short covering, and the move above the 21-day moving average for the first time since March sparked some technical buying as well. Traders will be looking to see if the US export sales pace is still strong in today's US export sales report. Last week's report showed net cotton sales of 297,053 bales for the week ending May 9, down from 412,532 the previous week but still the second highest since February 1. Cumulative sales for the 2023/24 marketing year had reached 102% of the USDA forecast versus a five-year average of 106% for that point in the season. Shipments totaled 238,755 bales for the week, down from 249,268 the previous week and the second lowest since January 18. Weather forecaster Maxar said that heavy rains in the southern Delta and Southeast this past week have significantly improved soil moisture for cotton.



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

The next resistance level for July cotton comes in at 80.23, with support at 77.87. The first retracement target of

the selloff from the February high to this month's low comes in at 84.76.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**COTTON TECHNICAL OUTLOOK:**

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COTTON (JUL) 05/23/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. The market's close above the 2nd swing resistance number is a bullish indication. The near-term upside target is at 81.74. The next area of resistance is around 80.95 and 81.74, while 1st support hits today at 77.81 and below there at 75.45.

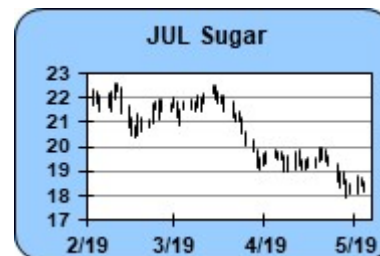
COTTON (DEC) 05/23/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. The market's close above the 2nd swing resistance number is a bullish indication. The next upside objective is 78.99. The next area of resistance is around 78.36 and 78.99, while 1st support hits today at 76.20 and below there at 74.66.

**DAILY SUGAR COMMENTARY**

**5/23/2024**

**Brazil rains could slow harvest but help crop later.**

July sugar has chopped around in a relatively narrow range over the past six sessions, and there is some divergence with momentum indicators, keeping the idea that the market may have put in a significant low alive. Brazilian sugar production for 2024/25 has gotten off to a strong start, and the anticipated end of El Nino this summer has improved the outlook for this year's cane crops in Thailand and India. But traders are concerned that the extended dry period in Brazil earlier this year, which has helped harvest and processing get off to a fast start, could eventually pull yields lower. The trade is girding for the next Unica supply report, which will cover the first half of May and could come next week. The 2024/25 marketing year officially began on April 1, and the most recent Unica report showed Brazilian Center South sugar production running 84% above last year for the second half of April and 66% higher since season began on April 1. India's monsoon season is forecast to start on May 31 and is expected to bring above-average rainfall this year. However, the Indian government is not expected to relax its sugar export ban anytime soon.



**TODAY'S MARKET IDEAS:**

With prices down 30% from their peak in November to last week's low, traders may be thinking July sugar has priced in a strong production out of Asia and Brazil. However, a sharp rally may prove elusive unless Brazil production starts to slow down. Key support comes in at the May 16 low of 17.95, with resistance at 18.97.

**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) 05/23/2024: A crossover down in the daily stochastics is a bearish signal. 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 close below the 1st swing support could weigh on the market. The next downside target is 17.92. The next area of resistance is around 18.42 and 18.71, while 1st support hits today at 18.03 and below there at 17.92.

## OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (JUL) 05/23/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The close above the 9-day moving average is a positive short-term indicator for trend. The gap upmove on the day session chart is a bullish 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 478.40. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 470.85 and 478.40, while 1st support hits today at 455.95 and below there at 448.55.

## 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	18.23	34.59	35.38	24.43	21.89	18.40	18.60	19.05	20.10	20.41
CTAN24	79.38	57.70	49.90	35.59	49.15	76.92	76.54	77.35	83.14	86.04
CTAZ24	77.28	59.24	52.03	34.29	47.85	75.64	75.22	75.70	79.05	80.19
CCAN24	7536	41.89	42.77	20.40	23.29	7373.50	7567.67	7991.22	9055.49	8389.50
OJAN24	463.40	89.65	83.74	94.44	95.24	453.44	433.71	402.37	379.12	373.58
KCAN24	220.45	68.13	61.63	43.17	64.83	212.74	205.14	205.79	208.22	201.87
MAM24	19.95	47.19	54.16	78.60	65.45	20.78	20.86	20.04	18.37	18.13

Calculations based on previous session. Data collected 05/22/2024

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	17.91	18.02	18.31	18.42	18.71
CTAN24	Cotton	75.44	77.80	78.59	80.95	81.74
CTAZ24	Cotton	74.65	76.19	76.82	78.36	78.99
CCAN24	Cocoa	7130	7353	7495	7718	7860
OJAN24	Orange Juice	448.50	455.90	463.45	470.85	478.40
KCAN24	Coffee	215.17	218.20	219.67	222.70	224.17
MAM24	Milk	19.55	19.74	19.96	20.15	20.37

Calculations based on previous session. Data collected 05/22/2024

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