

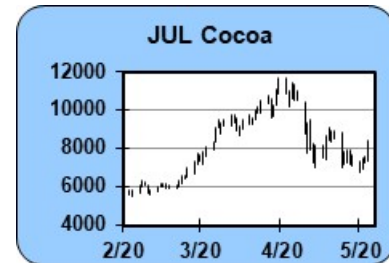


## DAILY SOFTS COMMENTARY Friday May 24, 2024

### DAILY COCOA COMMENTARY 5/24/2024

#### Consolidating as it ponders west African mid-crop prospects.

July cocoa set back overnight after breaking out above a recent consolidation zone yesterday and trading to its highest level since May 13. The selloff from the April all-time high culminated at the 50% retracement of the entire rally, and the market is left to speculate how the west African midcrop will fare now that the region is seeing seasonal rainfall. Unusually hot and dry weather earlier this year sparked concerns that a mid-crop failure would follow the poor main crop last fall and lead to ever-tightening global supply. The crop is not out of the woods yet, and the trade will be watching progress closely. Ivory Coast's Coffee and Cocoa Board are considering measures to combat fraud in certifying "fair trade" cocoa sales. There were reports that this season has seen 97% of Ivory Coast production certified as "fair trade" versus 50% in previous years.



#### TODAY'S MARKET IDEAS:

If yesterday's reversal lower in equity markets accelerates, it could bring pressure on cocoa as we head into the long weekend. Look for support in July cocoa at 7748 and 7638, with resistance at 8889.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

None.

#### COCOA TECHNICAL OUTLOOK:

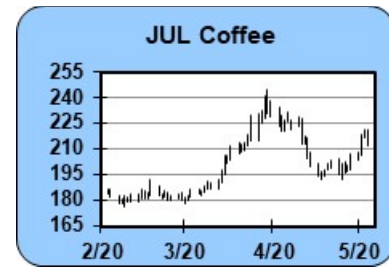
Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data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

COCOA (JUL) 05/24/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. 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 near-term upside target is at 9062. The next area of resistance is around 8647 and 9062, while 1st support hits today at 7571 and below there at 6909.

### DAILY COFFEE COMMENTARY 5/24/2024

### Tech weakness could encourage long liquidation.

The outside reversal yesterday in July NY coffee was bearish technical action that could lead to further selling today. The market was pressured by bearish supply news, with the Brazilian government agency Conab increasing its forecast for the nation's 2024/25 Arabica production by 1.36 million bags to 42.11 million. There had been concerns that drier than normal conditions would limit production growth, so the revision higher was a bit of a bearish surprise. The Brazilian cooperative Cooxupe reported that the arabica harvest is progressing slowly, and some farmers are complaining about smaller beans, but others commented that beans can be smaller at the beginning of the season because of the hotter and drier weather. ICE exchange coffee stocks increased by 9,353 bags on Thursday to reach a new 14-month high. Farmers in Vietnam are saying the recent rainfall was too little too late and that damage had already been done by earlier dryness. Farmers are reportedly holding back beans, but prices are already high, and they could face competition from Brazil. London robusta futures had a wide-sweeping reversal overnight, which could encourage selling in the NY futures as well.



### TODAY'S MARKET IDEAS:

A sweeping reversal in London coffee following a reversal from a three-week high in the NY futures yesterday could encourage selling ahead of the long weekend. Look for support in July coffee at 208.20 and 207.00, with resistance at 218.75 and 225.05.

### 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.

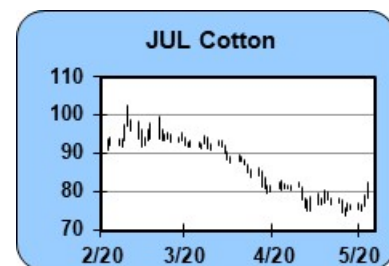
COFFEE (JUL) 05/24/2024: The moving average crossover up (9 above 18) indicates a possible developing short-term uptrend. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close above the 9-day moving average is a positive short-term indicator for trend. The outside day down is a negative signal. The close below the 1st swing support could weigh on the market. The near-term upside target is at 226.03. The next area of resistance is around 220.52 and 226.03, while 1st support hits today at 210.78 and below there at 206.54.

## DAILY COTTON COMMENTARY

5/24/2024

### China actively buying US cotton.

July cotton held its own overnight following a sharp rally yesterday to its highest level since April 23. Recent rallies in the grains may have sparked a bid for acres in cotton after the 28% price decline this spring left the market with little or no weather premium. The selloff has also kept US cotton competitively priced, and a strong showing by China in the weekly export sales report supported the rally yesterday. Recent COT reports showed funds holding a modest net short position, which left the market vulnerable to short covering as well. The weekly export sales report showed US cotton sales for the week ending May 16 at 202,935 bales for the 2023/24 (current) marketing year and 47,870 for 2024/25 for a total of 250,805. This was



down from 297,100 bales for the previous week, but it was the fifth week out of the past six that they were above 200,000. Current-crop sales were the highest for this week of the year since 2019/20. The largest buyer was China at 117,653 bales, including 104,435 for 2023/24. This was their second largest purchase since February 8. They were followed by Pakistan at 44,939 and Vietnam at 21,736. China has the most commitments for 2023/24 at 4.770 million bales, followed by Pakistan at 1.655 million and Vietnam at 1.244 million. Shipments totaled 204,053 bales, the second lowest since January 18.

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

First retracement resistance of the selloff from the February contract high to this month's low comes in at 84.76. Look for support at 80.70 and 77.90.

#### **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) 05/24/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's close above the 9-day moving average suggests the short-term trend remains positive. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next upside objective is 85.34. The next area of resistance is around 83.83 and 85.34, while 1st support hits today at 79.60 and below there at 76.86.

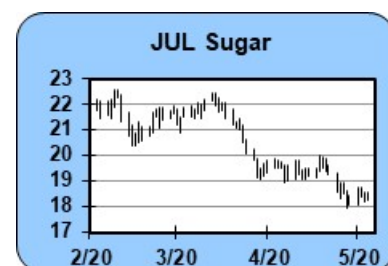
COTTON (DEC) 05/24/2024: The market now above the 40-day moving average suggests the longer-term trend has turned up. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside target is at 81.03. The next area of resistance is around 80.03 and 81.03, while 1st support hits today at 77.21 and below there at 75.38.

### **DAILY SUGAR COMMENTARY**

**5/24/2024**

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

July sugar is close to testing its 13 1/2 month low from earlier this month at 17.95, and a break below there could spark additional selling. Brazil's 2024/25 harvest has gotten off to a fast start, but there is a possibility that the drier than normal conditions earlier this year will eventually lower cane yields. Traders will be looking to the next UNICA report, which will show sugar production for the first half of May, to see if there has been any slowdown in Center-South production. Second half of April production was 84% higher than last year, which exceed pre-report expectations of 50% higher. Thailand's and India's output are expected to recover this year due to the passing of El Nino. Weakness in crude oil and gasoline this week may have also pressured sugar prices, as this lessens the incentive to produce ethanol from cane. Germany's second largest sugar refiner, Nordzucker, reported a 79% surge in annual profits yesterday, with high prices offsetting rising costs. Australia's largest sugar producer, Wilmar Sugar, said talks this week had failed to resolve a pay dispute with workers, delaying the start of cane processing at its factories.



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

Global sugar production could see a boost from a recovery in Asian output, but a lot will depend on how Brazil's crop fare. The market is hovering around the 0.618 retracement of the entire move from the contract low to the contract high, and a break below the May low at 17.95 could spark some aggressive selling. Next support would be 17.20. Look for resistance at 18.79 and 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:**

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) 05/24/2024: 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 objective is 17.99. The next area of resistance is around 18.42 and 18.66, while 1st support hits today at 18.09 and below there at 17.99.

**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) 05/24/2024: Rising stochastics at overbought levels warrant some caution for bulls. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market has a slightly positive tilt with the close over the swing pivot. The next upside objective is 473.35. With a reading over 90, the 9-day RSI indicates the market is extremely overbought. The next area of resistance is around 469.95 and 473.35, while 1st support hits today at 463.10 and below there at 459.60.

**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
<b>SOFTS MARKETS COMPLEX</b>										
SBAN24	18.26	35.43	35.91	22.82	19.58	18.43	18.48	18.97	20.03	20.35
CTAN24	81.72	65.94	56.46	45.39	65.00	78.38	77.03	77.36	82.91	85.74
CTAZ24	78.62	66.02	57.46	44.19	63.99	76.55	75.61	75.72	78.94	80.09
CCAN24	8109	50.99	48.33	24.81	33.63	7563.75	7480.78	7945.56	9063.22	8429.67
OJAN24	466.50	90.16	84.27	94.77	95.41	457.95	441.74	407.85	381.87	375.56
KCAN24	215.65	59.72	56.58	51.96	69.53	215.00	206.76	205.13	208.98	202.46
MAM24	19.96	47.37	54.26	70.66	54.77	20.41	20.80	20.14	18.43	18.16

Calculations based on previous session. Data collected 05/23/2024

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	17.98	18.08	18.32	18.42	18.66
CTAN24	Cotton	76.85	79.59	81.09	83.83	85.34
CTAZ24	Cotton	75.37	77.20	78.20	80.03	81.03
CCAN24	Cocoa	6908	7570	7985	8647	9062
OJAN24	Orange Juice	459.55	463.05	466.45	469.95	473.35
KCAN24	Coffee	206.53	210.77	216.28	220.52	226.03

MAM24	Milk	19.50	19.70	20.02	20.22	20.54
-------	------	-------	-------	-------	-------	-------

**Calculations based on previous session. Data collected 05/23/2024**

**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.*