

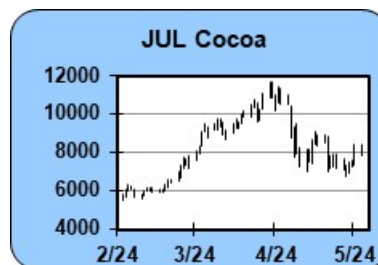


DAILY SOFTS COMMENTARY
 Tuesday May 28, 2024

DAILY COCOA COMMENTARY
 5/28/2024

West Africa needs consistent rain.

West African growing areas are forecast to receive daily rainfall starting Wednesday and lasting through the middle of next week. Below average rainfall was seen in many areas last week, which may have provided underlying support to the market. Farmers in Ivory Coast said more rainfall was needed in June but that soil moisture content should help the mid-crop develop in coming weeks. Some described the level of rain as "acceptable." West African supply remains tight, and there are long term concerns about tree health, adequate fertilizer and pesticide usage, and the efficiency of the national pricing structures in Ivory Coast and Ghana. At its low this month, July cocoa had given back about 50% of its rally, and we expect the market to trade in a range until the fate of the upcoming crop becomes clearer. Friday's Commitments of Traders report showed managed money traders were net buyers of 908 contracts of cocoa for the week ending May 21, increasing their net long to 15,956. This is far short of the record net long of 79,541 from last September, which leaves plenty of room for the funds to buy if they get interested.



TODAY'S MARKET IDEAS:

Look for more consolidation until West African mid-crop output becomes clearer. For July cocoa, upside retracement objectives of the April-May selloff include 8599 and 9195. Look for support at 7273 and 7047.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/14/2024 - 5/21/2024						
Softs	Non-Commercial		Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Cocoa	15,992	+1,306	-21,675	-1,502	5,684	+197

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.

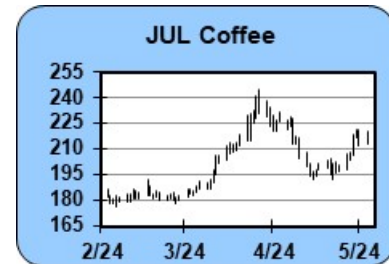
COCOA (JUL) 05/28/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's short-term trend is positive on the close above the 9-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside target is at 8790. The next area of resistance is around 8577 and 8790, while 1st support hits today at 8011 and below there at 7657.

DAILY COFFEE COMMENTARY

5/28/2024

Brazil rainfall below average.

July coffee pushed through last week's high overnight and traded to its highest level since April 30. Drier than normal conditions in Brazil and Vietnam continue to provide support to the market. Somar Meteorologia reported Brazil's Minas Gerais region saw 5.3 mm of rain last week, 69% of the historical average. Safras & Mercado said that Brazil's 2024/25 arabica harvest was 11% complete as of last Tuesday, versus 7% a year ago and a five-year average of 10%. There are reports that European firms have increased their coffee imports before the EU's regulation on deforestation-free products comes into full effect at the end of the year. ICE exchange coffee stocks (most of which are held at Euro zone warehouses) fell by 30 bags on Friday, but they remain close to 14-month highs. Friday's Commitments of Traders report showed managed money traders were net buyers of 26 contracts of coffee for the week ending May 21, increasing their net long to long 52,593. The net long has set back from the record 71,811 in April, but it is still in the upper reaches of the historic range, which could leave the market vulnerable to heavy selling if support levels are taken out.



TODAY'S MARKET IDEAS:

Persistent dry conditions in Brazil could result in lower forecasts for the 2024/25 output. The next upside objective for July NY coffee comes in at 225.05, with support at 212.50.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/14/2024 - 5/21/2024

	Non-Commercial		Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Coffee	61,036	+1,156	-63,916	-1,585	2,881	+429

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.

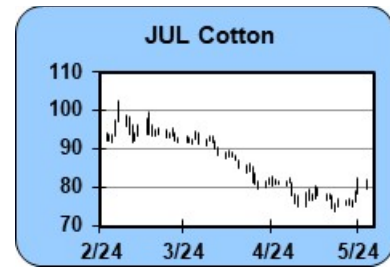
COFFEE (JUL) 05/28/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside target is at 224.58. The next area of resistance is around 221.82 and 224.58, while 1st support hits today at 214.68 and below there at 210.29.

DAILY COTTON COMMENTARY

5/28/2024

Fund short covering and building a weather premium.

July cotton saw positive action last week on fund short covering and active buying of US cotton by China. Friday's Commitments of Traders report showed managed money traders were net sellers of 8,058 contracts of cotton for the week ending May 21, increasing their net short to 23,372, their largest since March 2023. The record net short was 47,428 from August 2019. The rally since the data was collected has likely reduced the oversold status. The 28% decline in prices off the February high attracted global buyers and left the market without much weather premium at the start of the growing season. It also left the market in a position where it may have needed to bid for acres against other crops, especially with prevent-plant dates upon us. Drying in parts of the Delta over the weekend was welcome, but growers say more is needed. Traders will be watching this afternoon's US Crop Progress report to see how plantings are proceeding. India and Pakistan are being stressed by heat. India's weather office said they expect La Nina conditions to develop during July-September, and they look for the monsoon rainfall to be 106% of the long-term average average. For the month of June, they look for temperatures to stay above normal and for rainfall to be average.



TODAY'S MARKET IDEAS:

Look for resistance in July cotton at 83.69 and 84.76, with support at 77.88. The 50% retracement of the selloff from the February high to this month's low leaves an upside target of 88.18.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/14/2024 - 5/21/2024						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Softs						
Cotton	-753	-7,225	1,507	+5,963	-754	+1,263

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) 05/28/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside target is 83.32. The next area of resistance is around 81.84 and 83.32, while 1st support hits today at 79.20 and below there at 78.05.

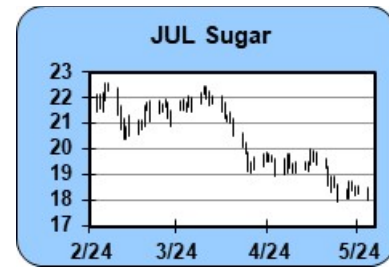
COTTON (DEC) 05/28/2024: The market back below the 40-day moving average suggests the longer-term trend could be turning down. The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market tilt is slightly negative with the close under the pivot. The next upside target is 79.94. The next area of resistance is around 78.98 and 79.94, while 1st support hits today at 77.04 and below there at 76.05.

DAILY SUGAR COMMENTARY

5/28/2024

Building a base for a low?

July sugar gapped higher overnight and came close to taking out last week's highs. The market has been in a sideways pattern since it put in a 14-month low on May 14, and there are some ideas that that could be a major low, as Brazilian production is expected to slow down as the season progresses. Brazil's Center-South production has gotten off to a fast start, with March output running 34% above last year and April 66% higher. However, the drier than normal weather that helped the harvest (and crushing) start off strong may pull yields down as the season progresses. Traders are awaiting the Unica report for the first half of May, which could be out this week. India's monsoon is forecast to begin at the end of this week, and it is expected to see above-average rainfall this season, which could boost yields next fall. Friday's Commitments of Traders report showed managed money traders were net sellers of 19,325 contracts of sugar for the week ending May 21, increasing their net short to 38,378. This is their largest net short since May 2020, but it is close to neutral when compared to the record net short of 234,839.



TODAY'S MARKET IDEAS:

The two-week consolidation in July sugar leaves resistance at 18.96 and support at 17.95. The last consolidation lasted roughly four weeks (from mid-April to mid-May) and culminated in another leg down. If the Unica reports start to show a slowdown in Brazilian output, this could spark a recovery rally in sugar, but it may be too early to see that happen. Diverging momentum indicators at the recent lows are also bullish.

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 - 5/14/2024 - 5/21/2024						
	Non-Commercial		Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Sugar	-15,952	-15,442	31,262	+16,485	-15,310	-1,043

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) 05/28/2024: Daily stochastics are trending lower but have declined into oversold territory. 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is now at 17.89. The next area of resistance is around 18.63 and 18.78, while 1st support hits today at 18.19 and below there at 17.89.

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) 05/28/2024: Momentum studies are trending higher but have entered overbought levels. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market's close above the 2nd swing resistance number is a bullish indication. The near-term upside objective is at 484.00. The market is giving an extremely overbought indicator with the RSI over 90. The next area of resistance is around

481.50 and 484.00, while 1st support hits today at 471.55 and below there at 464.05.

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	18.41	39.79	38.63	22.06	20.55	18.37	18.46	18.91	19.95	20.29
CTAN24	80.52	59.28	52.65	53.35	69.28	79.50	77.36	77.48	82.65	85.45
CTAZ24	78.01	60.84	54.44	52.53	69.21	77.30	75.87	75.79	78.81	80.00
CCAN24	8294	53.62	50.02	31.08	43.63	7833.25	7606.11	7890.61	9069.51	8472.40
OJAN24	476.50	91.64	85.88	95.54	97.10	465.59	449.77	414.12	384.60	377.61
KCAN24	218.25	62.54	58.56	59.84	75.60	217.89	209.22	205.22	209.73	203.05
MAM24	19.89	46.12	53.33	62.41	45.92	20.07	20.64	20.20	18.49	18.20

Calculations based on previous session. Data collected 05/24/2024

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	17.88	18.18	18.33	18.63	18.78
CTAN24	Cotton	78.04	79.20	80.68	81.84	83.32
CTAZ24	Cotton	76.04	77.03	77.99	78.98	79.94
CCAN24	Cocoa	7656	8010	8223	8577	8790
OJAN24	Orange Juice	464.00	471.50	474.00	481.50	484.00
KCAN24	Coffee	210.28	214.67	217.43	221.82	224.58
MAM24	Milk	19.67	19.74	19.95	20.02	20.23

Calculations based on previous session. Data collected 05/24/2024

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.