



## DAILY SOFTS COMMENTARY

Wednesday May 29, 2024

### DAILY COCOA COMMENTARY

5/29/2024

#### Supply anxiety continues.

July cocoa extended its rally overnight to trade to its highest level since May 1. Ivory Coast port arrivals last week came in slightly below year ago, which kept total arrivals for the season running 29% behind. The market has rallied despite a shift toward wetter weather over West African growing areas this week. Traders are not convinced it will bring relief to tight supplies anytime soon. Extreme heat during the dry season earlier this year lowered expectations for the mid-crop, and there were reports that rainfall last week was short of ideal. Problems with over-certification of "fairtrade" cocoa in Ivory Coast may add to current supply anxiety. At its low this month, July cocoa fell to the 50% retracement of its entire rally, which could be enough of a correction until production shows actual improvement.



#### TODAY'S MARKET IDEAS:

Cocoa's historically high pricing during the second quarter could impact chocolate prices later this year and result in a pullback in consumer demand. But for now, tight West African supply remains the front-and-center issue for the market. Look for support in July cocoa at 8450, with resistance at 9244 and 9829.

#### 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.

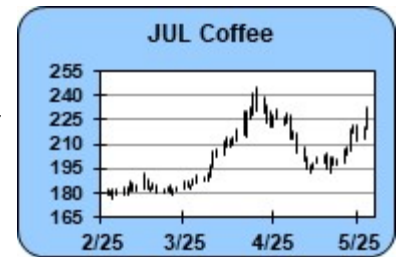
COCOA (JUL) 05/29/2024: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close above the 9-day moving average is a positive short-term indicator for trend. A positive setup occurred with the close over the 1st swing resistance. The next upside target is 9433. The next area of resistance is around 9209 and 9433, while 1st support hits today at 8351 and below there at 7718.

### DAILY COFFEE COMMENTARY

5/29/2024

## Hot, dry weather continues to support.

The rally yesterday put July coffee within striking distance of the April contract high. Vietnam's Ministry of Agriculture and Rural Development is estimating their 2023/24 coffee production at 1.47 million tonnes, down 20% from 2022/23. They blame the impact of climate change, saying the dry season comes earlier and that prolonged hot weather causes water levels at dams in some provinces to rapidly decrease. Also, low coffee prices had previously prompted farmers to switch to higher value crops. The arrival of La Nina later this summer could bring better rainfall, but it may be too late to help the 2024/25 crop. Last week's rainfall over Brazil's major arabica growing areas was below normal, which does not help the outlook for their crop. Initial harvesting has noted smaller than normal bean sizes, and their robusta harvest has seen lower than normal yields so far. The USDA estimated this season's Honduran coffee production at 24% below last year, and that may offset the mild rebound in Colombian production. ICE exchange coffee stocks increased by 3,635 bags on Tuesday to reach a new 14-month high, and they remain on-track for a fourth monthly increase in a row. The steady buildup of stocks could eventually limit upside in arabica prices.



### TODAY'S MARKET IDEAS:

Weather concerns in Vietnam and Brazil continue to lend support to NY and London coffee. Look for support in July NY coffee at 225.75 and 221.45, with resistance at 234.50.

### 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.

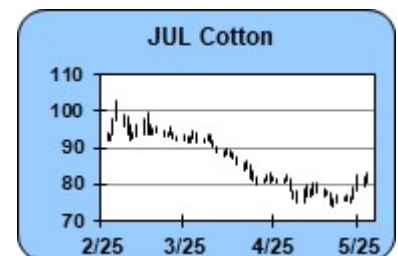
COFFEE (JUL) 05/29/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The next upside objective is 242.53. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 237.92 and 242.53, while 1st support hits today at 223.98 and below there at 214.64.

## DAILY COTTON COMMENTARY

5/29/2024

### US crop conditions well ahead of average.

July cotton traded to its highest level since April 17 yesterday, but the strong showing in the first official US crop conditions report of the season could undermine bullish ideas. The weekly Crop Progress report showed 60% of the US cotton crop was rated good/excellent as of Sunday versus a 10-year average of 48%. Only 5% were rated poor/very poor versus 13% on average. This was not exactly a surprise, given the improvement in soil moisture in west Texas compared to the past couple of years. The report also showed 59% of the US cotton crop was planted as of Sunday, up from 44% the previous week, 56% a year ago, and a 10-year average of 58%. Of the top producing states, Texas was 50% planted (+13% from last week), Georgia 63% (+16%), Arkansas 86% (+18%), Mississippi 83% (+10%), and North Carolina 77% (+25%).



### TODAY'S MARKET IDEAS:

July cotton has drawn support from fund short covering, stronger than expected exports sales, an improving demand outlook, and a relatively low price at the start of the new crop season, but it may run into resistance at the 50-day moving average today at 83.47. A move through there would leave the next resistance at 84.76. Look for support at 77.95.

#### **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) 05/29/2024: The cross over and close above the 40-day moving average indicates the longer-term trend has turned up. The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. 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 market setup is supportive for early gains with the close over the 1st swing resistance. The next upside objective is 84.97. The next area of resistance is around 83.87 and 84.97, while 1st support hits today at 80.99 and below there at 79.20.

COTTON (DEC) 05/29/2024: The cross over and close above the 40-day moving average indicates the longer-term trend has turned up. 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 market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside objective is at 80.66. The next area of resistance is around 80.04 and 80.66, while 1st support hits today at 78.20 and below there at 76.99.

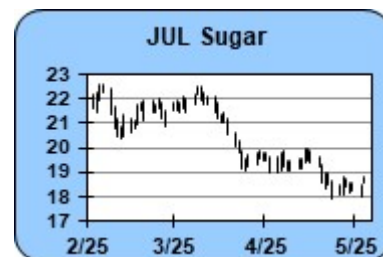
## **DAILY SUGAR COMMENTARY**

**5/29/2024**

### **Tension ahead of Unica report.**

July sugar backed off from yesterday's gains overnight. The market remains inside a relatively narrow range since falling below the 19.00 level earlier this month. Prices have been under pressure recently due to the strong start for Brazilian 2024/25 production, but there are concerns that hot and dry weather earlier this year will start to pull yields down. Unica is expected to release its report on Brazilian production for the first half of May this week. A survey by S&P Global Commodity Insights calls for a 6.3% gain from a year ago. Wilmar

Sugar, Australia's largest sugar producer, said strikes have again delayed the start of cane processing and that more delays are expected due to action planned in the coming days. This has been going on for almost two weeks. The USDA's biannual World Market & Trade report, released last week, projected global 2024/25 sugar production at 186.024 million tonnes, up from 183.495 million in 2023/24 and a 7-year high. Brazil's production was forecast at 44.0 million tonnes, which would be down 1.544 million from the record in 2023/24, but this would be offset by increases in Thailand (+1.445 million), Mexico, (+572,000), India (+500,000) China (+500,000), Argentina (+290,000) and Pakistan (+200,000). France produced 4.2 million tonnes of white sugar in 2023/24, up 5.8% from 2022/23 but still 1% below the average of the previous four seasons. India's monsoon is expected to arrive in the next 24 hours.



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

The expected recovery in global production may be baked into prices, and focus could shift to the Unica supply report this week. July sugar is showing divergence at the recent lows, which provides a hint that a low may be

close at hand. Key support comes in at 18.00, with resistance at 19.00.

**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) 05/29/2024: The daily stochastics have crossed over up which is a bullish indication. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. 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 setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside objective is at 18.96. Short-term indicators suggest buying pullbacks today. The next area of resistance is around 18.86 and 18.96, while 1st support hits today at 18.60 and below there at 18.43.

**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) 05/29/2024: Momentum studies are trending higher but have entered overbought levels. The market's short-term trend is positive on the close above the 9-day moving average. The gap upmove on the day session chart is a bullish indicator for trend. 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 objective is at 504.15. The 9-Day RSI over 90 suggests the market is extremely overbought. The next area of resistance is around 495.80 and 504.15, while 1st support hits today at 478.55 and below there at 469.60.

**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	18.73	48.19	44.07	23.59	26.67	18.41	18.44	18.88	19.89	20.26
CTAN24	82.43	65.52	57.56	61.47	77.69	81.01	78.22	77.80	82.44	85.26
CTAZ24	79.12	66.26	58.69	61.14	78.37	78.26	76.42	76.00	78.70	79.93
CCAN24	8780	59.99	54.25	39.85	57.38	8179.75	7768.11	7918.17	9078.58	8519.02
OJAN24	487.15	92.93	87.37	95.61	95.75	473.40	456.77	420.63	387.36	379.82
KCAN24	230.95	72.94	66.58	67.62	83.17	221.33	212.57	206.05	210.77	203.88
MAM24	19.47	39.17	48.02	52.55	32.84	19.82	20.49	20.26	18.55	18.23

Calculations based on previous session. Data collected 05/28/2024

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	18.42	18.59	18.69	18.86	18.96
CTAN24	Cotton	79.19	80.98	82.08	83.87	84.97
CTAZ24	Cotton	76.98	78.20	78.82	80.04	80.66
CCAN24	Cocoa	7717	8351	8575	9209	9433

OJAN24	Orange Juice	469.55	478.50	486.85	495.80	504.15
KCAN24	Coffee	214.63	223.97	228.58	237.92	242.53
MAM24	Milk	19.13	19.25	19.56	19.68	19.99

**Calculations based on previous session. Data collected 05/28/2024**

**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.*