

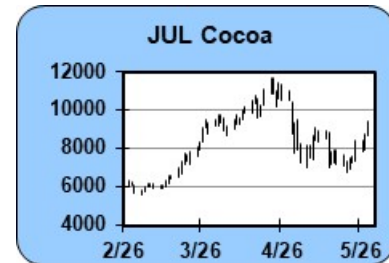


## DAILY SOFTS COMMENTARY Friday May 31, 2024

### DAILY COCOA COMMENTARY 5/31/2024

#### Ivory Coast supplies critically low.

With global risk sentiment taking a negative shift, July cocoa may be vulnerable to end of month profit-taking today, but downside may be limited ahead of the ICCO quarterly update, which is due out any day. The market closed above the 50-day moving average for a second day in a row yesterday but settled back on that line overnight. The Ivory Coast Coffee and Cocoa Board has told exporters that the usual 10-cent per kilo discount for the mid-crop will not be offered for deferred contracts. The discount is designed to compensate for tougher grading during the mid-crop season when beans are smaller and more acidic. With the severe supply shortage, roughly 150,000 tonnes of main crop purchases were deferred into the mid-crop production period.



#### TODAY'S MARKET IDEAS:

We look for rangebound action in the cocoa market, as the May low was probably low enough until the market gets a better handle on mid-crop production, and the April all high was high enough given the chances for improvement with the departure of El Nino. Initial support for July coffee comes in at 9025, followed by 8431. Look for resistance at 8931.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

None.

#### COCOA TECHNICAL OUTLOOK:

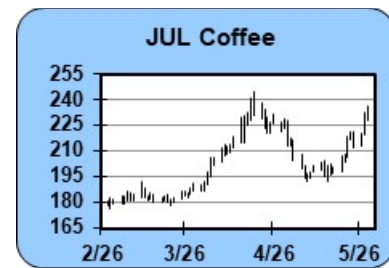
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COCOA (JUL) 05/31/2024: The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. The daily closing price reversal down puts the market on the defensive. The close over the pivot swing is a somewhat positive setup. The near-term upside target is at 9775. The next area of resistance is around 9505 and 9775, while 1st support hits today at 9009 and below there at 8784.

### DAILY COFFEE COMMENTARY 5/31/2024

## USDA expects a 28 million-bag Vietnam robusta crop.

July NY coffee extended this week's rally overnight to trade to its highest level since April 19, but it is slightly lower this morning. London July coffee is also lower after trading to a new contract high overnight. A USDA attache report yesterday projected Vietnam's robusta crop at 27.85 million bags for the 2024/25 marketing year, down from 28.00 million in 2023/24 but up from 27.30 million in 2022/23. This compares to a recent trade house projection of only 24 million bags. USDA raised its estimate for 2023/24 by 1.4 million bags and 2022/23 by 1 million, saying higher prices have encouraged growers to apply better crop care. Indonesia exported 3,946.1 tonnes of robusta beans from the island of Sumatra in April, down 46.4% from the same month last year, according to the trade office in Lampung province. January-April exports are down 69% from last year. Brazil's major Arabica growing regions have mostly dry weather in the forecast through the end of next week. This will help with harvesting, but it could also have a negative impact on late-harvested beans. ICE exchange coffee stocks fell by 2,000 bags yesterday, but they are still more than 126,000 higher for the month.



### TODAY'S MARKET IDEAS:

Longs may be tempted to take profits today, especially if they start to focus on USDA's somewhat bearish reports on Vietnam's upcoming crop. End-of-month may play a part as well. If the selling takes hold, we may see a break to 220.00. Look for resistance at 238.90.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### COFFEE TECHNICAL OUTLOOK:

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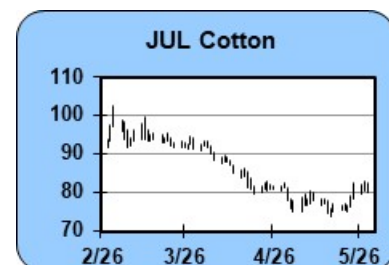
COFFEE (JUL) 05/31/2024: Momentum studies are trending higher but have entered overbought levels. The close above the 9-day moving average is a positive short-term indicator for trend. The daily closing price reversal up on the daily chart is somewhat positive. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 241.68. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 237.97 and 241.68, while 1st support hits today at 228.03 and below there at 221.79.

## DAILY COTTON COMMENTARY

5/31/2024

### US crop prospects look good, but it's early.

In the past four sessions, July cotton has given up more than half of its gains from earlier this month when it bounced off 18-month lows. The prompt arrival of the Indian monsoon points to better crops this year, and although it is still early in season, US crop conditions are strong. The US drought monitor indicated that only 5% of US cotton production was in an area experiencing drought as of May 28, down from 6% the previous week, 28% a year ago, and 51% two years ago. The market may need a strong export sales report today to reverse this week's pullback. Last week's report showed net sales of 250,805 bales for the week ending May 16 versus a four-week average of 273,051. The May lows could hold until the US crop gets further along. The USDA Acreage report on June 30 could be a major decision point.



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

The cotton market may have difficulty pressing too much lower until it gets a better idea on plantings and the crop is further along. Round number support for July cotton comes in at 75.00, with resistance at 81.90.

### **NEW RECOMMENDATIONS:**

None.

### **PREVIOUS RECOMMENDATIONS:**

None.

### **COTTON TECHNICAL OUTLOOK:**

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COTTON (JUL) 05/31/2024: The close below the 40-day moving average is an indication the longer-term trend has turned down. The daily stochastics have crossed over down which is a bearish indication. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is now at 73.77. The next area of resistance is around 80.23 and 83.68, while 1st support hits today at 75.28 and below there at 73.77.

COTTON (DEC) 05/31/2024: The close below the 40-day moving average is an indication the longer-term trend has turned down. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. A negative signal for trend short-term was given on a close under the 9-bar moving average. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The near-term upside objective is at 79.62. The next area of resistance is around 77.94 and 79.62, while 1st support hits today at 75.08 and below there at 73.89.

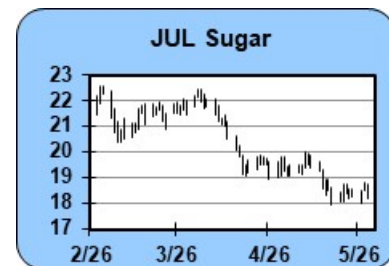
## **DAILY SUGAR COMMENTARY**

**5/31/2024**

### **UNICA report could spark a breakout.**

The UNICA Brazil sugar production report for the first half of May is scheduled to be released today, and it could be the key driving force for the market. The 2024/25 marketing year officially began on April 1, and so far, Brazil Center South production has gotten off to a strong start. As of May 1, cumulative production was 66% ahead of last year.

Second-half April production was 84% higher. A pre-report survey of analysts conducted by S&P Global called for a more modest 6.3% gain for the first half of May. A low number could inspire short covering after the recent decline in July sugar to its lowest level in 14 months, while another high number could spark a resumption of the downtrend. Dry weather earlier this season is expected to pull yields down, eventually. Monsoon rains hit the coast of India's state of Karala on Thursday, two days earlier than expected. Monsoon rainfall is expected to be 106% of the long-term average this year, which should support cane yields next fall. Ukraine said it will ban sugar exports to the EU for the remainder of the year because their quota has been met.



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

Eyes will be on the Unica report today, and another strong showing could spark a resumption of the downtrend, while a low number could support short covering. A move below 17.95 in July sugar would leave a downside target of 16.94, and a move above 18.96 would leave an upside target of 19.97.

**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. \*Exit the position at the market.

**SUGAR TECHNICAL OUTLOOK:**

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SUGAR (JUL) 05/31/2024: A bearish signal was triggered on a crossover down in the daily stochastics. 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. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is 18.01. The next area of resistance is around 18.30 and 18.44, while 1st support hits today at 18.08 and below there at 18.01.

**OJ TECHNICAL OUTLOOK:**

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ORANGE JUICE (JUL) 05/31/2024: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The market's short-term trend is negative as the close remains below the 9-day moving average. The gap down on the day session chart is bearish with more selling pressure possible today. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is 448.75. The next area of resistance is around 462.80 and 471.30, while 1st support hits today at 451.55 and below there at 448.75.

**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	18.19	37.81	37.83	23.24	21.73	18.42	18.39	18.77	19.73	20.18
CTAN24	77.76	44.90	44.69	66.49	65.64	80.45	79.02	78.09	81.83	84.80
CTAZ24	76.51	47.53	47.05	66.93	67.49	77.94	76.99	76.25	78.39	79.74
CCAN24	9257	64.71	57.82	59.15	77.28	8910.00	8138.11	8076.94	9085.84	8625.68
OJAN24	457.15	60.92	65.45	90.62	83.07	474.53	464.26	431.27	391.86	383.38
KCAN24	233.00	72.91	67.00	77.62	86.94	227.91	219.81	209.14	212.78	205.49
MAN24	19.86	50.92	54.93	47.34	34.17	19.86	20.08	20.01	18.81	18.57

Calculations based on previous session. Data collected 05/30/2024

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	18.00	18.08	18.22	18.30	18.44
CTAN24	Cotton	73.76	75.27	78.72	80.23	83.68
CTAZ24	Cotton	73.88	75.07	76.75	77.94	79.62
CCAN24	Cocoa	8783	9009	9279	9505	9775
OJAN24	Orange Juice	448.70	451.50	460.00	462.80	471.30
KCAN24	Coffee	221.78	228.02	231.73	237.97	241.68
MAN24	Milk	19.67	19.77	19.84	19.94	20.01

Calculations based on previous session. Data collected 05/30/2024

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*\*\*\*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.*