

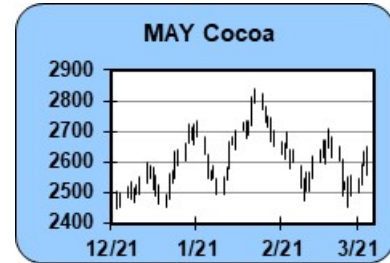


DAILY SOFTS COMMENTARY
Monday March 28, 2022

DAILY COCOA COMMENTARY
3/28/2022

Demand tone remains weak as consumer confidence collapses

Cocoa prices have seen 4 rallies and 3 pullbacks of more than 200 points in size since the start of this year, but will begin this week with only a 9 point gain for the first quarter. With demand uncertainty continuing to weigh on market sentiment, cocoa prices could continue to see long liquidation. For the week, May cocoa finished with a gain of 25 points (up 1.0%) which was only the second positive weekly result over the past 6 weeks. Wet weather over West African growing areas has weighed on cocoa prices as that should benefit their upcoming mid-crop production. In addition, a pullback in the Eurocurrency was a source of additional pressure as that may impact near-term the ability of Euro zone grinders to acquire near-term cocoa supply. European grindings have seen 3 quarters in a row with at least a 6% increase on the previous year's total as the region recovered from the COVID pandemic.



Although the conflict is well away from Western Europe, Russia's invasion of Ukraine is likely to dampen near-term travel in the Euro zone which traditionally has been a major source of chocolate purchases. Last week's COVID lockdown in the Chinese city of Tangshan could have a chilling effect on Asian near-term demand prospects as well. The Commitments of Traders report for the week ending March 22nd showed Cocoa Managed Money traders reduced their net long position by 3,826 contracts to a net long 21,666 contracts. This is long liquidation. Non-Commercial & Non-Reportable traders added 91 contracts to their already long position and are now net long 33,554.

TODAY'S MARKET IDEAS:

Global risk sentiment was on the mend late Friday, and that may provide some limited support to the cocoa market. Near-term demand remains uncertain in Europe and Asia, however, and that may fuel additional long liquidation. Near-term resistance for July cocoa is at 2628 and 2664, with 2583 and 2560 as support. Penetrating support would be a bearish development and leave 2414 as a longer-term target.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 3/15/2022 - 3/22/2022						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Cocoa	23,690	-547	-33,554	-91	9,864	+638

COCOA TECHNICAL OUTLOOK:

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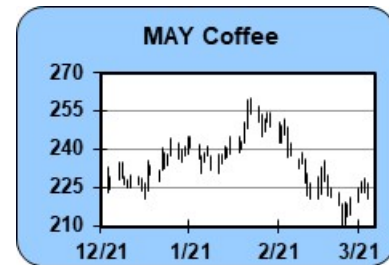
COCOA (MAY) 03/28/2022: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The market tilt is slightly negative with the close under the pivot. The near-term upside target is at 2616. The next area of resistance is around 2589 and 2616, while 1st support hits today at 2535 and below there at 2509.

DAILY COFFEE COMMENTARY

3/28/2022

Seems to have the supply fundamentals to turn back up

In addition to La Nina, Brazil's Arabica coffee growers had to deal with frost events last July that are expected to affect production for the 2022/23 and 2023/24 seasons. Recent strength in the Brazilian currency should also keep coffee prices remain fairly well supported on near-term pullbacks. For the week, May coffee finished with a gain of 1.80 cents (up 0.8%) which broke a 5-week losing streak. The Brazilian currency reached a new 2-year high which provided carryover support to the coffee market. Since the start of this year, The Brazilian Real has gained more than 16% against the US dollar to reach its highest value since March of 2020, and that recovery move will ease pressure on Brazil's farmers to market their remaining coffee supply to foreign customers. Rising ICE exchange coffee stocks have been a source of pressure on coffee prices as that may indicate global export bottlenecks are easing, with Brazil's Cooxupe estimating their co-op's 2022 exports will increase 13% from last year's total.



ICE exchange coffee stocks rose by 3,565 bags on Friday and with four sessions left in March are more than 154,000 bags above their February month-end total (up 15.6%). The current La Nina event is the second to occur since mid-2020 and brings drier than normal conditions to Brazil's Center-South growing areas, while Colombia has been negatively impacted by La Nina over the past 1 1/2 years as well. The March 22nd Commitments of Traders report showed Coffee Managed Money traders net sold 1,826 contracts and are now net long 27,089 contracts. Non-Commercial No CIT traders are net long 18,662 contracts after net selling 1,873 contracts for the week.

TODAY'S MARKET IDEAS:

Brazil and Colombia, who combined account for more than half of global Arabica output, are dealing with weather-related production issues. Near-term support for May coffee is at 217.25 while resistance is at 229.35.

NEW RECOMMENDATIONS:

* Buy July Coffee 225.00/240.00 bull call spread at 4.20. Use an objective of 11.50 on the spread, and risk 110 points from entry.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 3/15/2022 - 3/22/2022						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Softs						
Coffee	34,436	-2,751	-38,608	+2,183	4,173	+569

COFFEE TECHNICAL OUTLOOK:

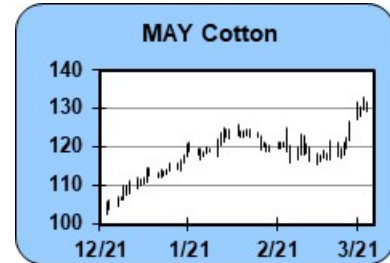
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COFFEE (MAY) 03/28/2022: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's close above the 9-day moving average suggests the short-term trend remains positive. It is a slightly negative indicator that the close was under the swing pivot. The next upside objective is 225.37. The next area of resistance is around 223.74 and 225.37, while 1st support hits today at 219.95 and below there at 217.78.

DAILY COTTON COMMENTARY
3/28/2022

Very overbought but hard to find new sellers

May cotton closed limit-up on Friday and up sharply this morning. Strong demand and a long-term drought in Texas have raised concerns about supply. Traders are citing drought concerns in Texas as a main driver for the recent rally, as well as strong demand. The weekly US drought monitor on Thursday maps showed slight reductions in drought intensity for Oklahoma and the Texas Panhandle, but not so in the unirrigated regions of west Texas, where conditions worsened. The latest 6-10 day forecast has normal to above normal chances of rain in Oklahoma and in the Texas Panhandle, with conditions changing to normal and then below normal further south, so it does not look like there is much chance for improvement in west Texas. The 8-14-day is above normal precipitation.



Weekly export sales have reached 100.4% of the USDA's forecast for the marketing year versus a five-year average of 94.9%. The strong pace suggests that the USDA could raise its forecast for 2021/22 exports in upcoming supply/demand reports. For the USDA planting intentions report, traders see cotton acreage near 12.3 million acres, 11.7-13.0 range, as compared with 11.2 million acres last year. The estimate is down from the Outlook Forum forecast for 12.7 million acres. Friday's Commitments of Traders showed managed money traders were net buyers of 7,229 contracts of cotton for the week ending March 22, increasing their net long to 74,356. Non-commercial & non-reportable traders were net buyers of 8,660, increasing their net long to 104,825.

TODAY'S MARKET IDEAS:

May cotton is in an overbought condition with support at 135.70 and 132.96. There is not much in the way of resistance until 144.10. December cotton support is at 111.30 and 109.22 and there is still no technical sign of a peak.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 3/15/2022 - 3/22/2022						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Cotton	91,560	+5,266	-104,825	-8,661	13,265	+3,394

COTTON TECHNICAL OUTLOOK:

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COTTON (MAY) 03/28/2022: 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. 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 target is 139.65. With a reading over 70, the 9-day RSI is approaching overbought

levels. The next area of resistance is around 138.40 and 139.65, while 1st support hits today at 133.40 and below there at 129.65.

COTTON (JUL) 03/28/2022: Momentum studies are trending higher but have entered overbought levels. 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 target is 136.12. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 134.86 and 136.12, while 1st support hits today at 129.83 and below there at 126.05.

DAILY SUGAR COMMENTARY

3/28/2022

Set back in energy but should still see shift to ethanol

A stronger Brazilian currency has eased pressure on Center-South mills to process cane into sugar, which is exported and paid-for in foreign currencies. La Nina negatively impacted the 2021/22 Center-South cane crop, and should reduce sugar yields for the 2022/23 crop which will begin harvesting next month. For the week, May sugar finished with a gain of 68 ticks (up 3.6%) which broke a 2-week losing streak. A Reuters report said that India is considering a cap on this season's sugar exports of 8 million tonnes, which comes after they already have contracts for more than 7 million in exports already agreed to so far.

While that export cap would be more than 11% above last season's record high total, this may be further evidence that India's 2021/22 ending stocks could reach a 5-season low below 7 million tonnes.



The Brazilian currency reached a new 2-year high which provided additional carryover support, while crude oil and RBOB gasoline prices climbed back into positive territory late in the day which should help to strength near-term ethanol demand in Brazil and India. The current La Nina weather event is the second to occur since mid-2020 with the US Climate Prediction Center's latest forecast having it continue into the June-August timeframe. This means that the Center-South region could see drier than normal conditions for the better part of two years. The Commitments of Traders report for the week ending March 22nd showed Sugar Managed Money traders added 4,787 contracts to their already long position and are now net long 139,922. Non-Commercial & Non-Reportable traders were net long 201,585 contracts after increasing their already long position by 8,981 contracts.

TODAY'S MARKET IDEAS:

With energy prices at extremely high levels, Center-South mills have plenty of incentive to favor ethanol production over sugar. While a stronger currency puts Brazilian grain and soy exports at a disadvantage to US exports, it gives Center-South mills more incentive to shift crushing from sugar production over to ethanol production. Near-term support for July sugar is at 19.13, with 19.98 and 20.69 as upside targets.

NEW RECOMMENDATIONS:

* Buy July Sugar 19.50/22.00 bull call spread at 50. Use an objective of 220 on the spread, and risk 32 points from entry.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 3/15/2022 - 3/22/2022

	Non-Commercial		Net Position	Commercial		Non-Reportable	
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	Weekly Net Change	
Softs							
Sugar	163,365	+2,196	-201,586	-8,982	38,220	+6,785	

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAY) 03/28/2022: The crossover up in the daily stochastics is a bullish signal. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's short-term trend is positive on the close above the 9-day moving average. 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 target is 19.96. The next area of resistance is around 19.82 and 19.96, while 1st support hits today at 19.39 and below there at 19.08.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (MAY) 03/28/2022: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's short-term trend is positive on the close above the 9-day moving average. The close over the pivot swing is a somewhat positive setup. The near-term upside target is at 156.25. The next area of resistance is around 153.60 and 156.25, while 1st support hits today at 148.20 and below there at 145.40.

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										
SBAK22	19.61	69.16	65.32	58.23	64.11	19.32	19.05	19.08	18.37	18.33
CTAK22	135.90	83.84	76.64	81.92	91.02	131.72	127.11	122.66	121.79	119.94
CTAN22	132.35	85.66	78.29	81.94	91.87	128.06	123.41	118.84	118.51	116.79
CCAK22	2562	45.98	46.24	44.99	46.95	2590.50	2553.11	2585.44	2623.98	2616.22
OJAK22	150.90	68.59	63.51	71.76	80.97	147.79	146.41	144.35	142.74	142.55
KCAK22	221.85	44.12	43.21	39.83	45.36	223.51	220.39	222.85	235.00	235.06
MAJ22	24.30	61.13	60.55	64.36	72.82	24.33	23.78	23.81	22.83	22.44

Calculations based on previous session. Data collected 03/25/2022

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						
SBAK22	Sugar	19.07	19.38	19.52	19.82	19.96
CTAK22	Cotton	129.65	133.40	134.65	138.40	139.65
CTAN22	Cotton	126.04	129.82	131.08	134.86	136.12
CCAK22	Cocoa	2508	2535	2562	2589	2616
OJAK22	Orange Juice	145.35	148.15	150.80	153.60	156.25
KCAK22	Coffee	217.77	219.94	221.57	223.74	225.37
MAJ22	Milk	23.48	23.94	24.20	24.65	24.92

Calculations based on previous session. Data collected 03/25/2022

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