



DAILY SOFTS COMMENTARY

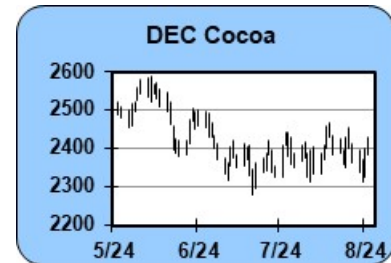
Friday August 26, 2022

DAILY COCOA COMMENTARY

8/26/2022

Uptrend for global consumption and steady/lower production

Cocoa prices have regained nearly 100 points in value over the past 2 sessions and are on-track for a positive weekly reversal. If key outside markets remain positive, cocoa should remain in a short-term uptrend. Ongoing concern with a lack of fertilizers and pesticides in several West African growing areas has provided support to the cocoa market, as that will make less likely that their upcoming 2022/23 production will come in above this season's output. Many of West Africa's fertilizers originate in Russia, so their invasion of Ukraine has created a bottleneck for those exports which in turn have driven their prices sharply higher. As a result, cocoa farmers may find it too expensive to use an adequate amount of fertilizers even if they are available.



While inflation levels remain high in many areas which may reduce purchases of discretionary items such as chocolates, Thursday's positive shift in global risk sentiment has helped to soothe cocoa's near-term demand concerns. In addition, renewed strength in the Eurocurrency, British Pound and US equity markets also provided additional carryover support to the cocoa market late this week. With West African likely to have production issues through their 2022/23 main crop harvest, cocoa prices should be well supported on near-term pullback.

TODAY'S MARKET IDEAS:

If global risk sentiment can maintain a positive tone following Fed Chair Powell's Jackson Hole speech, cocoa should be able to complete a positive weekly reversal. Near-term support for December cocoa is at 2397 and 2374, with resistance at 2434 and 2471.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long December Cocoa from 2374 with an objective of 2712. Risk the trade to 2292.

COCOA TECHNICAL OUTLOOK:

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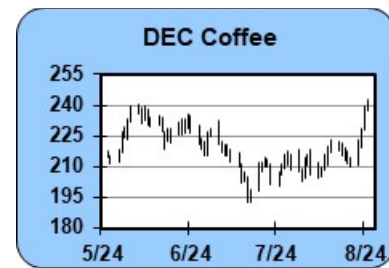
COCOA (DEC) 08/26/2022: The major trend could be turning up with the close back above the 60-day moving average. The crossover up in the daily stochastics is a bullish signal. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's short-term trend is positive on the close above the 9-day moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 2457. The next area of resistance is around 2440 and 2457, while 1st support hits today at 2394 and below there at 2366.

DAILY COFFEE COMMENTARY

8/26/2022

Dry conditions for Brazil's "off year" crop

The market remains on-track for a sizable weekly gain and the first positive monthly result since May. Although it may be vulnerable to end-of-week profit-taking and long liquidation, coffee prices should continue to find support from bullish supply developments. There is increasing concern that Brazilian growing areas will continue to have drier than normal conditions through the end of this year due to the current La Nina weather event. Brazil's upcoming 2023/24 Arabica production will be an "off year" crop in their 2-year cycle which normally results in a sizable decline from the previous season's output.



While Vietnam mostly produces Robusta coffee, there are reports that their 2021/22 ending coffee stocks may be half the size of last season's total which has given coffee prices in London and New York a significant boost this week. In addition, a rebound in global risk sentiment should benefit coffee's near-term demand outlook. ICE exchange coffee stocks fell by 3,703 bags on Thursday which was their first decline since August 15th, although there are more than 148,000 bags left to be graded at warehouses in Antwerp and New York.

TODAY'S MARKET IDEAS:

A negative shift in global risk sentiment could lead to a pullback in the Brazilian currency, and that may fuel some selling. With Brazil, Colombia, Honduras and Guatemala all having production issues, however, coffee prices look to have further upside left to go. Near-term support for December coffee is at 232.25 and 230.15, with resistance at 253.40 and 259.00.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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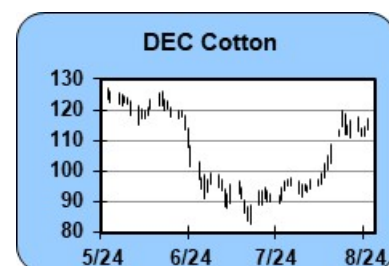
COFFEE (DEC) 08/26/2022: Rising stochastics at overbought levels warrant some caution for bulls. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside objective is at 245.57. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 242.40 and 245.57, while 1st support hits today at 236.60 and below there at 233.98.

DAILY COTTON COMMENTARY

8/26/2022

Extreme tightness next year; exports already slashed

Consolidation is normally a continuation pattern and December cotton has consolidated since August 15 in a fairly tight range. The steep uptrend in open interest is a positive force. December cotton closed near unchanged after rallying off a very strong export sales number that traders then started to question. The USDA FAS launched a new Export Sales Reporting and Maintenance System on Thursday that "affected both the quality and the physical dissemination of the weekly export sales data." The agency retracted the data, and an update will be made available as soon as all issues are resolved. The weekly US Drought Monitor showed broad 1 and 2-category improvements across large parts of the South, with all states in the



region showing some improvements.

According to National Weather Service records, prior to this week's rain event, the Dallas-Fort Worth Area went 67 days without measurable precipitation, the second longest streak on record going back to 1898. The August 21-22, 24-hour total of 9.19 inches tied for the second highest 24-hour total. The Texas State Climatologist noted that the largest flood control rain gauge total was 15.16 inches. This has likely come too late to save the Texas cotton crop. Now there are concerns that the rain may have damaged what crop there was. As of Sunday, 15% of the Texas crop had bolls open.

TODAY'S MARKET IDEAS:

The fundamental set up is extremely tight and higher prices may be necessary to slow demand. Keep in mind, the USDA has already slashed exports in order to leave ending stocks at the historically tight level. We had been hopeful that December cotton may pullback to 108.90 and fill the gap before resuming the uptrend. If not, close in support is at 114.29, with 122.87 as next resistance. Consider buying the July 23/Dec23 bull spread.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (DEC) 08/26/2022: 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is now at 110.68. The next area of resistance is around 116.13 and 118.77, while 1st support hits today at 112.09 and below there at 110.68.

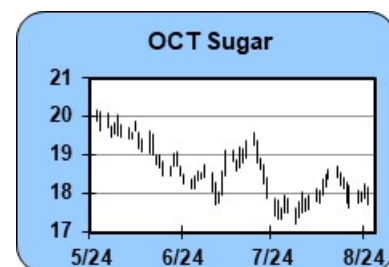
COTTON (MAR) 08/26/2022: Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. The market's short-term trend is negative as the close remains below the 9-day moving average. The downside closing price reversal on the daily chart is somewhat negative. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is now at 107.65. The next area of resistance is around 112.72 and 115.24, while 1st support hits today at 108.93 and below there at 107.65.

DAILY SUGAR COMMENTARY

8/26/2022

Brazil sugar production down 12.8% so far this season

Sugar prices have seen choppy action following Friday's positive reversal, and remains on-course for a second negative weekly result in a row. With global risk sentiment on the mend, a rebound in key outside markets can help sugar find support. Crude oil had a sizable pullback from a new 3 1/2 week high, which in turn put carryover pressure on the sugar market as that could lead to weaker ethanol demand in Brazil and India. Brazil's Center-South domestic ethanol sales have come in below last year's total for the past 3 months, so seeing the first half August total slightly above last year's reading may show that ethanol demand may be improving.



The Brazilian currency was unable to shake off early pressure, which also weighed on sugar prices as that could

encourage Center-South mills to divert more of this season's crushing from ethanol production to sugar production. As of mid-August, this season's Center-South sugar production was 12.8% behind last season's pace while the cane crush was 8.0% behind and ethanol production was 4.8% behind. In addition, early forecasts have 2022/23 EU sugar production more than 1 million tonnes below this season.

TODAY'S MARKET IDEAS:

While the technical action for October sugar has been choppy, October has continued to gain sharply on March, and traded from a 41 discount in June to a 13 point premium to the March. October sugar support is at 17.77, with resistance at 18.13 and 18.28. A move through resistance would leave 19.12 as next upside target.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (OCT) 08/26/2022: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The intermediate trend has turned down with the cross over back below the 18-day moving average. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is now at 17.45. The next area of resistance is around 18.14 and 18.40, while 1st support hits today at 17.66 and below there at 17.45.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (SEP) 08/26/2022: The market now above the 60-day moving average suggests the longer-term trend has turned up. 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is 165.30. The next area of resistance is around 171.40 and 173.15, while 1st support hits today at 167.50 and below there at 165.30.

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										
SBAV22	17.90	44.40	45.39	47.74	39.17	17.94	18.08	18.05	18.22	18.44
CTAZ22	114.11	66.83	64.75	80.77	78.50	113.64	114.14	106.45	98.69	103.80
CTAH23	110.83	66.76	65.05	80.28	77.64	110.54	111.00	103.62	95.24	100.09
CCAZ22	2417	55.27	53.05	45.24	48.00	2372.25	2386.33	2388.83	2386.56	2412.52
OJAU22	169.45	44.79	48.30	28.56	18.60	169.21	170.66	174.70	166.79	168.99
KCAZ22	239.50	76.05	68.47	80.70	88.98	231.99	222.82	217.81	215.01	219.10
MAU22	20.01	46.56	44.99	51.89	49.28	20.04	20.23	20.03	20.92	21.78

Calculations based on previous session. Data collected 08/25/2022

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					

SBAV22	Sugar	17.44	17.66	17.92	18.14	18.40
CTAZ22	Cotton	110.67	112.08	114.72	116.13	118.77
CTAH23	Cotton	107.65	108.92	111.44	112.72	115.24
CCAZ22	Cocoa	2365	2394	2411	2440	2457
OJAU22	Orange Juice	165.25	167.45	169.20	171.40	173.15
KCAZ22	Coffee	233.97	236.60	239.77	242.40	245.57
MAU22	Milk	19.73	19.86	20.02	20.15	20.31

Calculations based on previous session. Data collected 08/25/2022

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