



DAILY SOFTS COMMENTARY

Wednesday May 03, 2023

DAILY COCOA COMMENTARY

5/3/2023

Too many demand concerns to support new buyers

While the outlook has improved since the start of this year, near-term demand concerns continue to weigh on cocoa prices. If global risk sentiment remains weak after today's events, cocoa prices could remain under pressure. Both European and US equity markets had sizable pullbacks due in part to a flare-up of risk anxiety, which weakened cocoa prices as that may diminish near-term demand prospects. While it is well below the "double-digit" readings that were seen last fall, the April year-over-year rate for Euro zone CPI saw its first uptick in six months.



This indicates that inflation in cocoa's largest demand region remains stubbornly high and is likely to impact the European demand outlook during the second quarter. The latest Ivory Coast weekly port arrivals total came in above the comparable period last year had a sizable increase from the previous reading. While their full-season total is still behind last season's pace, the flow of mid-crop cocoa to West African port facilities should also weigh on cocoa prices short-term.

TODAY'S MARKET IDEAS:

With risk appetites already lukewarm at best, the prospect of a Fed rate hike after cocoa's close could encourage additional long liquidation and profit-taking. Unless a "risk on" mood redevelops in global markets, cocoa is likely to remain under pressure. Near-term resistance for July cocoa is at 2923, with key support levels at 2849 and 2804.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

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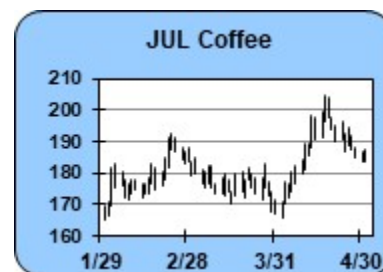
COCOA (JUL) 05/03/2023: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is now at 2841. The next area of resistance is around 2920 and 2958, while 1st support hits today at 2862 and below there at 2841.

DAILY COFFEE COMMENTARY

5/3/2023

May be in position to see solid recovery bounce

Coffee prices have been able to overcome sluggish global risk sentiment to stabilize early this week. In order to extend a recovery move, coffee will likely need to see fresh bullish supply developments. A more than 1% pullback in the Brazilian currency put early pressure on the coffee market as that could make Brazil's farmers more aggressive with marketing their remaining coffee supply to foreign customers. However, Brazil's April coffee export came in at 138,018 tonnes (2.30 million bags) which compare with 165,744 tonnes (2.76 million bags) in April 2022.



While this reflects tighter supply than last year, keep in mind that Brazil's 2023/24 Arabica is underway and will reach full speed by the end of May. ICE exchange coffee stocks fell by just 570 bags on Tuesday, but they have reached their lowest levels since December. With no coffee going through the ICE exchange grading process for several weeks now, this recent drawdown may show evidence of improving demand that has provided additional support for coffee prices early this week.

TODAY'S MARKET IDEAS:

Brazil remains on-course to have their 2023/24 Arabica crop come in several million bags above last season's total. Near-term support for July coffee is at 184.15, with 191.55 and 194.10 as initial resistance on a recovery bounce.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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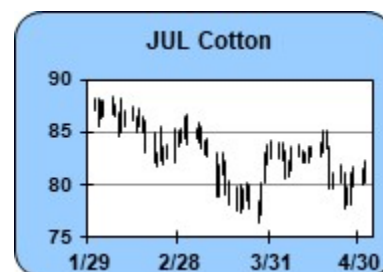
COFFEE (JUL) 05/03/2023: The downside crossover (9 below 18) of the moving averages suggests a developing short-term downtrend. Momentum studies are declining, but have fallen to oversold levels. The close below the 9-day moving average is a negative short-term indicator for trend. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is 182.44. The next area of resistance is around 188.62 and 189.93, while 1st support hits today at 184.88 and below there at 182.44.

DAILY COTTON COMMENTARY

5/3/2023

Bearish tilt to global economic view helps to pressure

July cotton managed to rally all the way above the 50-day moving average yesterday and up to the highest level since April 20, but the market failed to find new buying interest and closed moderately lower on the session. A collapse in crude oil prices plus weakness in the stock market were seen as bearish forces. Traders are second guessing the recent more positive export news, and traders are becoming more concerned with weaker consumer demand ahead. Traders were optimistic on the positive tilt to exports but it does not seem to be enough to significantly tighten US ending stocks.



Stocks are already pegged at the highest level since the 2019/20 season at 4.1 million bales and even with a sharp drop in planted area, a normal yield would push ending stocks moderately higher than this season. In addition, world ending stocks for this season are pegged at 92.01 million bales with a stocks/usage of 83.5% as

compared with 74.2% last year and 70% for the 20/21 season. In other words, it will take a significant weather issue in one of the world's key producers in order to expect tightening stocks.

TODAY'S MARKET IDEAS:

July cotton close in resistance is at 80.72 and 81.83 with support 79.46. If support gives way again, the technical picture will sour with 76.34 as new support.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (JUL) 05/03/2023: 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. The market could take on a defensive posture with the daily closing price reversal down. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next upside target is 82.97. The next area of resistance is around 81.45 and 82.97, while 1st support hits today at 79.29 and below there at 78.64.

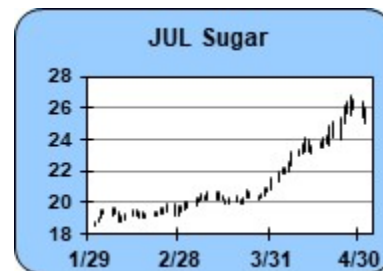
COTTON (DEC) 05/03/2023: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market's short-term trend is positive on the close above the 9-day moving average. The daily closing price reversal down is a negative indicator for prices. The market setup is somewhat negative with the close under the 1st swing support. The near-term upside objective is at 82.74. The next area of resistance is around 81.46 and 82.74, while 1st support hits today at 79.52 and below there at 78.87.

DAILY SUGAR COMMENTARY

5/3/2023

Improving supply outlook and could be China demand concerns

Sugar prices have posted their first back-to-back negative daily results since late March and lost more than 6% in value from last Thursday's 11 1/2 year high. Unless it can receive strong carryover support from key outside markets, sugar is likely to see more profit-taking and additional long liquidation this week. A sharp selloff in energy prices put carryover pressure on the sugar market as crude oil and RBOB gasoline at 5-week lows is likely to weaken near-term ethanol demand. In addition, the Brazilian currency lost more than 1% in value which also weighed on sugar prices as that will give Brazil's Center-South mills more incentive to produce sugar for the global export marketplace.



Brazil's April sugar exports were 970,000 tonnes which compares to 1.32 million tonnes last year, but keep in mind that there were several days of harvesting and crushing delays last month that will be made up for over the rest of the second quarter. Most of the sugar delivered against the ICE May contract came from a Chinese firm, and that cast some doubt over China's near-term sugar demand outlook. If global risk sentiment remains subdued going into and after the FOMC meeting result, sugar could remain on the defensive this week.

TODAY'S MARKET IDEAS:

Sugar has slumping energy prices, a weak Brazilian currency and Brazil's current cane harvest as sources of near-term pressure. Near-term resistance for July sugar is at 25.62 and 25.85, with key support back at 24.17 and then 23.35 which is 50% of the March 16th to April 27th rally.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (JUL) 05/03/2023: 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. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is now at 24.37. The next area of resistance is around 25.63 and 26.34, while 1st support hits today at 24.65 and below there at 24.37.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (JUL) 05/03/2023: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The upside closing price reversal on the daily chart is somewhat bullish. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is 258.70. The next area of resistance is around 269.15 and 271.15, while 1st support hits today at 262.95 and below there at 258.70.

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										
SBAN23	25.14	58.21	63.86	81.54	72.05	25.85	25.50	24.51	22.16	21.45
CTAN23	80.37	45.62	46.16	34.08	36.32	80.72	80.09	81.68	81.65	82.40
CTAZ23	80.48	43.88	45.02	33.25	34.36	80.86	80.47	81.76	81.93	82.41
CCAN23	2891	43.20	49.48	63.79	49.73	2921.00	2940.78	2924.44	2841.80	2805.65
OJAN23	266.05	50.11	55.27	52.28	40.08	266.65	270.22	267.93	250.05	243.86
KCAN23	186.75	46.75	50.31	42.99	29.00	186.63	189.48	190.71	182.17	181.88
MAM23	16.97	25.54	29.10	14.85	11.49	17.19	17.42	17.74	18.19	18.36

Calculations based on previous session. Data collected 05/02/2023

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						
SBAN23	Sugar	24.36	24.64	25.35	25.63	26.34
CTAN23	Cotton	78.63	79.28	80.80	81.45	82.97
CTAZ23	Cotton	78.86	79.52	80.80	81.46	82.74
CCAN23	Cocoa	2840	2861	2899	2920	2958
OJAN23	Orange Juice	258.65	262.90	264.90	269.15	271.15
KCAN23	Coffee	182.43	184.87	186.18	188.62	189.93
MAM23	Milk	16.68	16.82	16.96	17.11	17.24

Calculations based on previous session. Data collected 05/02/2023

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