



DAILY COCOA COMMENTARY
5/4/2023

Weakness in stock market has trade nervous over demand

The cocoa market has not fully shaken off near-term demand concerns which were given a fresh boost by surprise upticks in Euro zone CPI readings earlier this week. With a "risk off" mood gaining strength late on Wednesday, cocoa could remain under pressure. July cocoa was unable to hold onto early support as it fell to a 3-week low before finishing yesterday's trading session with a moderate loss. Global risk sentiment remained subdued in front of the FOMC meeting decision, which pressured cocoa prices as they may weaken near-term demand prospects.



Risk appetites deteriorated further going into the North American equity close. Recent heavy rainfall over West African growing areas is likely to cause fresh delays with harvesting, drying and transporting cocoa beans. However, that rainfall should also benefit West Africa's late mid-crop production as well as their early 2023/24 main crop and that has also kept pressure on the cocoa market since the start of May. Global risk sentiment continued to deteriorate early in today's action, and that may fuel more profit-taking and long liquidation in the cocoa market.

TODAY'S MARKET IDEAS:

While we remain longer-term bullish, traders should wait for a decent-sized pullback before approaching the long side of the cocoa market. Near-term resistance for July cocoa is at 2910, with next support levels at 2849 and 2804.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

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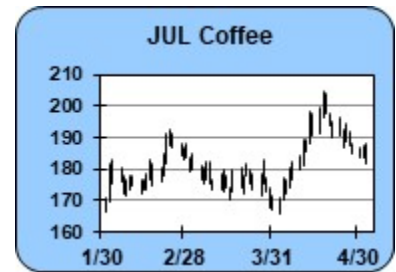
COCOA (JUL) 05/04/2023: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 2828. The next area of resistance is around 2894 and 2923, while 1st support hits today at 2846 and below there at 2828.

DAILY COFFEE COMMENTARY
5/4/2023

Choppy to lower trade continues; 180.60 support

With global risk sentiment turning more negative, coffee is vulnerable to further downside price action. A rebound in the Brazilian currency provided coffee with early carryover support as that should ease pressure on Brazil's farmers to market their remaining coffee supply.

Global risk sentiment remained subdued in front of the FOMC meeting results, and then deteriorated further late on Wednesday. This should put additional pressure on coffee prices during today's action as a "risk off" mood may weaken out of home consumption prospects.



Honduran April coffee exports were 48.7% above last year's total which puts their 2022/23 exports 2.5% ahead of last season's pace. Costa Rican coffee exports last month were 20.5% below last year's total, and that puts their full season 2022/23 export total 7.6% behind last season's pace. ICE exchange coffee stocks fell by 7,819 bags on Wednesday and are now more than 150,000 bags below their December 2022 month-end total.

TODAY'S MARKET IDEAS:

Inflation remains stubbornly high for many developed economies, which also diminishes restaurant and retail shop coffee demand. Unless global risk sentiment has a positive turnaround, coffee prices are likely to remain under pressure. Near-term resistance for July coffee is at 188.25, with support at 180.60.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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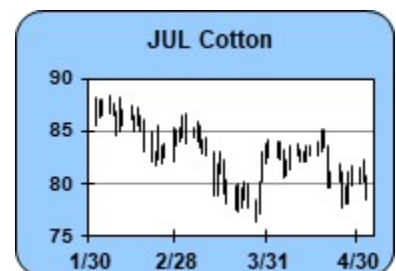
COFFEE (JUL) 05/04/2023: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's short-term trend is negative as the close remains below the 9-day moving average. The downside closing price reversal on the daily chart is somewhat negative. The market tilt is slightly negative with the close under the pivot. The next downside target is 178.99. The next area of resistance is around 188.67 and 191.68, while 1st support hits today at 182.33 and below there at 178.99.

DAILY COTTON COMMENTARY

5/4/2023

Choppy technical action continues; demand concerns persist

July cotton sold off sharply yesterday, for the second day in a row, giving up last week's gains in the process. Crude oil was down sharply for the second day in a row, to its lowest level since March 27. Weaker crude oil prices mean cheaper polyester. Export sales improved last week, and traders will be anxious to see if the trend will continue this week. Last week's report showed net sales of 214,032 bales for the week ending April 20, up from 100,087 the previous week and the highest since March 23. The weather pattern in west Texas is getting wetter, which will be welcome to cotton growers in the region but could be bearish for new crop. The 6-10 and 8-14-day forecasts are leaning towards above normal chances of rainfall.



TODAY'S MARKET IDEAS:

July cotton close in resistance is at 80.78 and 81.83, with 77.49 and 76.34 as next support.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (JUL) 05/04/2023: A crossover down in the daily stochastics is a bearish signal. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is 76.99. The next area of resistance is around 79.87 and 81.44, while 1st support hits today at 77.65 and below there at 76.99.

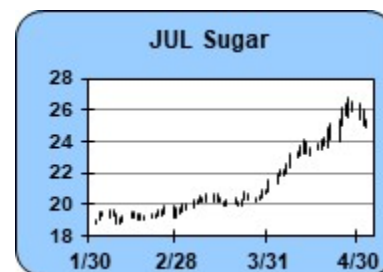
COTTON (DEC) 05/04/2023: The daily stochastics gave a bearish indicator with a crossover down. Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is 77.36. The next area of resistance is around 80.07 and 81.48, while 1st support hits today at 78.01 and below there at 77.36.

DAILY SUGAR COMMENTARY

5/4/2023

Big shipping delays from Brazil may continue to support

With key outside markets relatively weak, sugar needs to find fresh bullish supply news to have any chance of sustaining an uptrend. Energy prices continued to slide with crude oil and RBOB gasoline both posting heavy losses, which pressured the sugar market as that should further weaken near-term ethanol demand. Energy prices remain under significant pressure which should weigh heavily on the sugar market. Brazil's Center-South cane harvest is underway and with low energy prices combined with a rebound in the Brazilian currency, Center-South mills are likely to keep sugar's share of crushing above last season's comparable levels.



The major trade house Louis Dreyfus said that with very large soybean and corn crops, Brazil's sugar exports may be restricted by loading delays. Concern that India's production will fall well below last season's output continued to underpin sugar prices this week, which will make it more likely that their 2022/23 exports will remain limited to their initial export tranche of 6.15 million tonnes.

TODAY'S MARKET IDEAS:

If global markets remain in a "risk off" mood, sugar should turn back to the downside and make a new low for its May selloff. Near-term resistance for July sugar is at 25.62, with support at 24.44.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (JUL) 05/04/2023: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's short-term trend is negative as the close remains below the 9-day moving average. The upside closing price reversal on the daily chart is somewhat bullish. The market's close below the pivot swing number is a mildly negative setup. The next downside target is 24.61. The next area of resistance is around 25.45 and 25.72, while 1st support hits today at 24.89 and below there at 24.61.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (JUL) 05/04/2023: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market tilt is slightly negative with the close under the pivot. The next downside objective is 260.30. The next area of resistance is around 267.05 and 269.15, while 1st support hits today at 262.65 and below there at 260.30.

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										
SBAN23	25.17	58.59	64.08	76.52	66.47	25.55	25.55	24.62	22.29	21.56
CTAN23	78.76	37.94	41.13	32.34	28.86	80.31	79.94	81.41	81.52	82.30
CTAZ23	79.04	35.80	39.65	30.58	25.25	80.46	80.29	81.53	81.82	82.33
CCAN23	2870	39.05	46.49	54.75	36.66	2907.50	2931.22	2924.44	2843.62	2809.75
OJAN23	264.85	47.95	53.85	46.44	34.76	266.29	269.68	268.10	250.58	244.57
KCAN23	185.50	44.37	48.78	36.86	24.60	185.95	188.54	190.92	182.19	182.04
MAM23	17.08	31.20	32.65	14.49	13.78	17.10	17.32	17.67	18.16	18.33

Calculations based on previous session. Data collected 05/03/2023

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	24.60	24.88	25.16	25.45	25.72
CTAN23	Cotton	76.98	77.64	79.21	79.87	81.44
CTAZ23	Cotton	77.36	78.01	79.42	80.07	81.48
CCAN23	Cocoa	2827	2846	2875	2894	2923
OJAN23	Orange Juice	260.25	262.60	264.70	267.05	269.15
KCAN23	Coffee	178.98	182.32	185.33	188.67	191.68
MAM23	Milk	16.90	16.98	17.09	17.17	17.28

Calculations based on previous session. Data collected 05/03/2023

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