



DAILY SOFTS COMMENTARY

Friday May 05, 2023

DAILY COCOA COMMENTARY

5/5/2023

May need more of a correction with sluggish demand tone

Cocoa prices have been resilient in the face of sluggish global risk sentiment and have lifted clear of Wednesday's 3-week low. To avoid posting a second negative weekly loss in a row, however, the cocoa market will need to see some improvement with its near-term demand outlook. Ghana's Finance Minister said that his nation may not reach their 2022/23 cocoa production target of 750,000 tonnes, and that provided underlying support to the market as they have not recovered from last year's poor growing conditions as well as a lack of adequate fertilizers and pesticide use.



Ivory Coast port arrivals are behind last season's pace more than 1 month into the mid-crop season, which has also provided support to cocoa prices this week. European and US equity markets have had a rough start to May, and that has put carryover pressure on cocoa prices. Although inflation levels have fallen back from last year's levels, they remain high enough to negatively impact demand for discretionary items such as chocolate.

TODAY'S MARKET IDEAS:

Today's US jobs data could lead to further deterioration in global risk sentiment and could further weaken cocoa's near-term demand outlook. We still recommend that traders wait for a decent-sized pullback before approaching the long side of the cocoa market. Near-term resistance for July cocoa is at 2942, with key support back at 2849 and 2804.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

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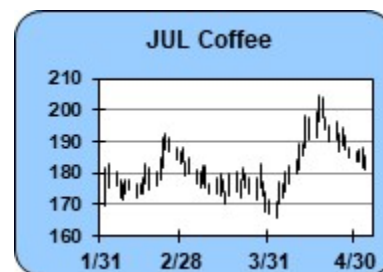
COCOA (JUL) 05/05/2023: The downside crossover of the 9 and 18 bar moving average is a negative signal. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's short-term trend is negative as the close remains below the 9-day moving average. Market positioning is positive with the close over the 1st swing resistance. The next downside objective is now at 2835. The next area of resistance is around 2936 and 2963, while 1st support hits today at 2872 and below there at 2835.

DAILY COFFEE COMMENTARY

5/5/2023

A bit too oversold and some supply uncertainties ahead

Coffee has been pressured by near-term demand concerns fueled in large part by the negative shift in global risk sentiment this week. Unless a "risk on" mood redevelops later today, coffee is likely to extend its late April/early May selloff. A negative tone for global risk sentiment continued on Thursday with European and US equity markets extending their pullback, which pressured the coffee market as that may weaken out-of-home consumption prospects during the second quarter. Brazil's 2023/24 Arabica harvest is underway, which has also weighed on coffee prices as fresh supply from that nation will reach the global export market by mid-year. While there were reports that heavy rainfall left many coffee beans on the ground during early harvesting, market expectations continue to have Brazil's 2023/24 Arabica crop coming in above last season.



The International Coffee Organization reported that March Arabica exports came in at 6.752 million bags which was 14.1% below last year's total, which put 2022/23 Arabica exports 11.4% behind last season's pace. ICE exchange coffee stocks fell by another 4,652 bags on Thursday to reach their lowest levels of the year so far, and they continue to have no coffee either going through or waiting to go through the exchange's grading process.

TODAY'S MARKET IDEAS:

Unless there are signs of an improved demand outlook, coffee may remain on the defensive. Near-term resistance for July coffee is at 189.85, with next key support at 180.60. Consider buying into support.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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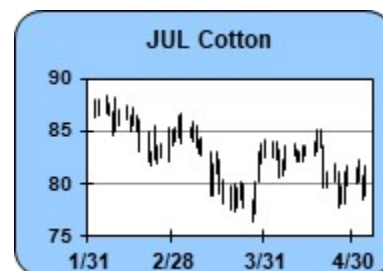
COFFEE (JUL) 05/05/2023: Daily stochastics are trending lower but have declined into oversold territory. The close below the 9-day moving average is a negative short-term indicator for trend. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 178.47. The next area of resistance is around 185.32 and 187.96, while 1st support hits today at 180.58 and below there at 178.47.

DAILY COTTON COMMENTARY

5/5/2023

Strong export demand continues to support

July cotton reversed direction on Thursday and rallied sharply, closing limit up on the day. Traders were encouraged by a strong export sales report for the second week in a row. The report showed US cotton export sales for the week ending April 27 at 231,274 bales for the 2022/23 (current) marketing year and 26,928 for 2023/24, for a total of 258,202. This was up from 214,032 the previous week and the highest since March 23. Cumulative sales for 2022/23 have reached 12.252 million bales, down from 14.723 million a year ago and the lowest since 2015/16. Sales have reached 107% of the USDA forecast for the marketing year versus a five-year average of 105% for this point in the season.



The largest buyer this week was China 117,139 bales, all for 2022/23. The next largest were Turkey at 47,551 and Vietnam at 43,481. China has the most commitments for 2022/23 at 2.765 million bales, followed by Pakistan at 2.030 million. The US Drought Monitor showed a worsening of drought conditions in West Texas for the week

ending May 2 with an expanding area of extreme drought (D3) from severe drought (D2) the previous week. In contrast, Kansas and Oklahoma saw improvement. The 1-5 day forecast for no rainfall in the western third of Texas. However, the 6-10 and 8-14-day forecasts show above normal chances of rain.

TODAY'S MARKET IDEAS:

July cotton close in support is at 82.00 and 81.40, with 84.53 as resistance. A close through resistance turns the charts bullish. December cotton support is at 81.58 and 81.16, with 83.38 as next resistance. Again, a close through this level turns the charts bullish.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (JUL) 05/05/2023: The cross over and close above the 40-day moving average is an indication the longer-term trend has turned positive. A bullish signal was given with an upside crossover of the daily stochastics. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. The market's close above the 2nd swing resistance number is a bullish indication. The next upside target is 83.88. The next area of resistance is around 83.17 and 83.88, while 1st support hits today at 80.35 and below there at 78.23.

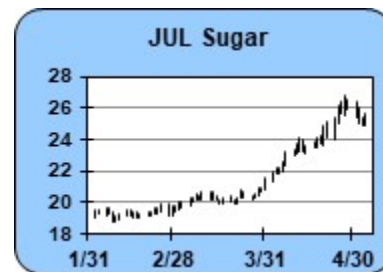
COTTON (DEC) 05/05/2023: A bullish signal was given with an upside crossover of the daily stochastics. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. Market positioning is positive with the close over the 1st swing resistance. The next upside target is 83.47. The next area of resistance is around 82.66 and 83.47, while 1st support hits today at 80.13 and below there at 78.40.

DAILY SUGAR COMMENTARY

5/5/2023

In position to see increased long liquidation

While sugar prices have lifted clear of Wednesday's low, they remain on-track for their first negative weekly result since mid-March. Unless global risk sentiment and key outside markets regain considerable strength, sugar remains vulnerable to a week-ending pullback. Energy prices were able to grind out modest gains, and that provided carryover support to the sugar market as it may help to shore up ethanol demand in Brazil and India. Concern that a potential El Nino event could lead to India having a second production decline in a row during the 2023/24 season also provided support to the market.



India's state of Maharashtra's sugar commissioner said that his state's 2022/23 sugar production will come in at 10.53 million tonnes versus 13.73 million tonnes during the 2021/22 season. In contrast, Brazil's Center-South is widely expected to have stronger production this season with mills in the region keeping sugar's share of crushing close to last season's levels. The Brazilian consultancy Datagro forecast Brazil's 2023/24 sugar production at 38.3 million tonnes, which is 13.6% above last season's total while their cane crush will be 9.1% above last season's total.

TODAY'S MARKET IDEAS:

While energy prices have rebounded from their Wednesday night lows, they remain far below levels needed to shift crushing from sugar production over to ethanol production. If global risk sentiment remains subdued after the US jobs data, sugar could see another wave of profit-taking and long liquidation. Near-term resistance for July sugar is at 26.09, with next good support at 24.89 and 24.44.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (JUL) 05/05/2023: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close below the 9-day moving average is a negative short-term indicator for trend. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside target is 24.71. The next area of resistance is around 25.87 and 26.12, while 1st support hits today at 25.17 and below there at 24.71.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (JUL) 05/05/2023: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. The close over the pivot swing is a somewhat positive setup. The next downside target is 261.25. The next area of resistance is around 269.50 and 272.15, while 1st support hits today at 264.05 and below there at 261.25.

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	25.52	62.94	66.63	72.60	64.78	25.34	25.68	24.76	22.41	21.66
CTAN23	81.76	54.12	51.70	34.01	37.34	80.55	80.12	81.36	81.43	82.21
CTAZ23	81.40	51.99	50.08	31.30	32.73	80.54	80.41	81.46	81.73	82.25
CCAN23	2904	48.14	51.59	48.43	35.81	2899.25	2922.44	2926.83	2845.04	2814.53
OJAN23	266.75	51.66	55.79	42.35	34.18	265.84	269.16	268.34	251.38	245.28
KCAN23	182.95	39.74	45.73	30.91	18.99	185.20	187.60	191.05	182.20	182.14
MAM23	17.05	30.72	32.33	14.63	14.90	17.04	17.21	17.62	18.13	18.31

Calculations based on previous session. Data collected 05/04/2023

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	24.70	25.16	25.41	25.87	26.12
CTAN23	Cotton	78.22	80.34	81.05	83.17	83.88
CTAZ23	Cotton	78.40	80.13	80.94	82.66	83.47
CCAN23	Cocoa	2835	2872	2899	2936	2963
OJAN23	Orange Juice	261.15	264.00	266.65	269.50	272.15
KCAN23	Coffee	178.46	180.57	183.21	185.32	187.96

MAM23	Milk	16.86	16.94	17.10	17.18	17.34
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Calculations based on previous session. Data collected 05/04/2023

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