



DAILY COCOA COMMENTARY
5/8/2023

In position for a resumption of the uptrend; 3047 next



After a sluggish start to May, cocoa prices have benefited from a positive turnaround in global risk sentiment. If a "risk on" mood can continue early this week, the cocoa market will be in a good position to resume its longer-term uptrend. For the week, July cocoa finished with a loss of 4 points and a second negative weekly result in a row. Global risk appetites continued to strengthen following US jobs data, and that benefitted cocoa prices as that should help to shore up near-term demand expectations. In addition, sizable rallies in the Eurocurrency and British Pound provided carryover support to the cocoa market. While it is well below levels seen last year, consumer inflation remains stubbornly high in many developed economies. As a result, the cocoa market will take some direction from updated CPI readings from the US, Germany and France this week.

On the supply side, there has been an increase in Ivory Coast port arrival totals over the past few weeks, although their full season total is still behind last season's pace. With officials in Ghana saying that their nation will not meet their full-season cocoa production target, the latest Ivory Coast port arrival could give a further boost to cocoa prices if it does not show continued improvement from early April. The May 2nd Commitments of Traders report showed Cocoa Managed Money traders reduced their net long position by 3,992 contracts to a net long 49,491 contracts. Non-Commercial & Non-Reportable traders were net long 57,868 contracts after decreasing their long position by 4,439 contracts.

TODAY'S MARKET IDEAS:

With near-term demand prospects weakened by stubbornly high inflation, cocoa prices would clearly benefit if last week's "risk on" can continue through the weekend. A close above 2942 in July cocoa could signal a resumption of the longer-term uptrend that would be additional support to the market. Near-term support for July cocoa is at 2910, with 3047 as next upside target.

NEW RECOMMENDATIONS:

* Buy July Cocoa at 2911 with an objective of 3044. Risk to 2874.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 4/25/2023 - 5/2/2023						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Cocoa	53,536	-4,427	-57,868	+4,440	4,332	-12

COCOA TECHNICAL OUTLOOK:

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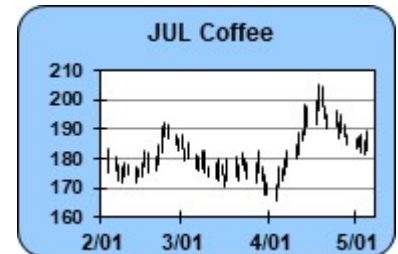
COCOA (JUL) 05/08/2023: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is now at 2896. The next area of resistance is around 2950 and 2965, while 1st support hits today at 2916 and below there at 2896.

DAILY COFFEE COMMENTARY

5/8/2023

Colombia still having production issues; bounce at least

After several weeks of choppy action, coffee prices were able to bounce Friday. While an improving demand outlook has provided support, it may be bullish supply developments that can fuel coffee's recovery move. For the week, July coffee finished with a gain of 2.10 cents (up 1.1%) which broke a 2-week losing streak. Colombia's coffee growers federation said that their nation's April coffee production came in at just 566,000 bags. While April tends to be one of Colombia's lower months of production during most years, this April's output was 25% below last year's total and the lowest production total for any month since September 2012. Colombia's production total over the past 12 months was just 10.882 million bags, which is their lowest 12-month running total since November of 2013.



Brazil's Arabica harvest will be underway in all major growing areas by the end of next week, and that should lead to their new-crop supply reaching the global export marketplace by the end of June. A rebound in global risk sentiment provided a boost to out of home consumption prospects which provided an additional source of strength to coffee prices. ICE exchange coffee stocks fell by 2,027 bags on Friday to reach their lowest levels since December. The Commitments of Traders report for the week ending May 2nd showed Coffee Managed Money traders reduced their net long position by 3,075 contracts to a net long 32,006 contracts. Non-Commercial & Non-Reportable traders reduced their net long position by 2,982 contracts to a net long 33,278 contracts.

TODAY'S MARKET IDEAS:

While Brazil's 2023/24 Arabica crop is expected to come in above last season, Colombia's production outlook continues to deteriorate. With the market oversold, it will not take much in the way of positive news to spark a rally. Near-term support for July coffee is at 185.85 and 183.70, with resistance at 190.15 and 193.00 resistance.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 4/25/2023 - 5/2/2023						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Net Position	Weekly Net Change	
Softs						
Coffee	32,407	-2,859	-33,278	+2,982	871	-123

COFFEE TECHNICAL OUTLOOK:

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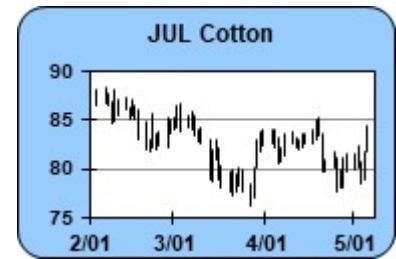
COFFEE (JUL) 05/08/2023: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close above the 9-day moving average is a positive short-term indicator for trend. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The next downside objective is 180.59. The next area of resistance is around 191.27 and 193.48, while 1st support hits today at 184.83 and

below there at 180.59.

DAILY COTTON COMMENTARY 5/8/2023

Strong demand tone continues to support; 89.59 next

July cotton gapped higher on Friday and rallied sharply, trading to its highest level since April 19. The market has seen choppy action over the past couple of months, and it is back near the top of the two-month trading range. Crude oil and the stock market were higher, and the dollar was lower; all those moves are supportive to cotton. Some traders viewed the move on Friday as a follow through from Thursday's limit up move off a strong export sales report and a US Drought Monitor that showed conditions had worsened in west Texas from the previous week.



The 1-5 day forecast calls for rains of up to 1 1/4 inch in west Texas, and the 6-10 and 8-14-day forecast have above normal chances of rainfall. Friday's Commitments of Traders report showed managed money traders were net sellers of 1,590 contracts of cotton for the week ending May 2, increasing their net short to 21,888. Non-commercial, no CIT traders were net buyers of 272, reducing their net short to 23,390. The managed money and non-commercial, no CIT traders are in historically oversold territory.

TODAY'S MARKET IDEAS:

July cotton close in support is at 82.96, with 84.53 as resistance. A close through resistance would leave 89.59 as next target.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 4/25/2023 - 5/2/2023						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Cotton	-7,509	-980	6,690	-205	819	+1,185

COTTON TECHNICAL OUTLOOK:

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COTTON (JUL) 05/08/2023: The market now above the 60-day moving average suggests the longer-term trend has turned up. Momentum studies are trending higher from mid-range, which should support 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. If yesterday's gap higher on the day session chart holds, additional buying could develop this session. 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 objective is 86.24. The next area of resistance is around 85.25 and 86.24, while 1st support hits today at 82.55 and below there at 80.83.

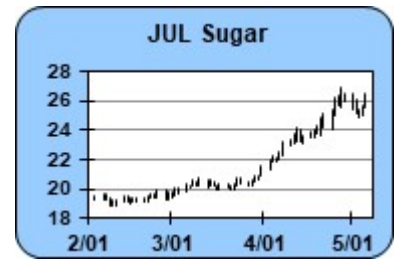
COTTON (DEC) 05/08/2023: The cross over and close above the 60-day moving average indicates the longer-term trend has turned up. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The intermediate trend could be turning up with the close back above the 18-day moving average. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside objective is at 85.10. The next area of resistance is around 84.35 and 85.10, while 1st support hits today at 82.13 and below there at 80.65.

DAILY SUGAR COMMENTARY

5/8/2023

Positive technical action leaves 27.57 as next target

While it just missed out on a positive weekly reversal, sugar's turnaround from a 2-week low last Wednesday sets the stage for a new 11-year high early this week. With Brazil's Center-South cane harvest and crushing underway, sugar prices look to be overvalued at current price levels. For the week, July sugar finished with a loss of 3 ticks that broke a 6-week winning streak. Crude oil and RBOB gasoline were able to extend their recovery move from last Thursday's spike lows, and that provided significant carryover support to the sugar market as it should strengthen ethanol demand in both Brazil and India. This season's lower production from India continues to provide support for sugar prices, with officials in their state of Maharashtra saying that cane crushing occurred on 121 days this season versus 173 days last season.



Indications that early season sugar production in Brazil's Center-South region may run into loading delays at Brazilian ports also gave a boost to sugar prices as that will limit Brazil's exports during May and June. Brazil's Center-South sugar production during the last half of March and the first of April was 481% above last year's total with many mills in the region starting their operations early to process cane that was harvested during the first quarter. Even with the late March/early April rally in energy prices, Center-South mills kept sugar's share of crushing ahead of last season's level. As a result, sugar should see an increased crushing share during late April when crude oil and gasoline prices had a sizable pullback. Sugar positioning in the Commitments of Traders for the week ending May 2nd showed Managed Money traders were net long 207,800 contracts after decreasing their long position by 20,880 contracts. The long liquidation selling trend is a bearish short-term force. Non-Commercial & Non-Reportable traders were net long 279,121 contracts after decreasing their long position by 21,385 contracts.

TODAY'S MARKET IDEAS:

The short-term trend is still up and it is a positive technical development that the market was able to close above 26.09. Support for July sugar is at 25.85, with 27.57 as next swing target. Watch for signs of the peak near this level as supply fundamentals seem to be shifting to the bear camp.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 4/25/2023 - 5/2/2023						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Sugar	225,303	-19,861	-279,120	+21,386	53,818	-1,524

SUGAR TECHNICAL OUTLOOK:

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SUGAR (JUL) 05/08/2023: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The market's short-term trend is positive on the close above the 9-day moving average. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The next downside objective is now at 25.31. The 9-day RSI over 70 indicates the market is

approaching overbought levels. The next area of resistance is around 26.75 and 27.03, while 1st support hits today at 25.89 and below there at 25.31.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (JUL) 05/08/2023: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The intermediate trend could be turning up with the close back above the 18-day moving average. A positive setup occurred with the close over the 1st swing resistance. The next downside objective is now at 263.20. The next area of resistance is around 273.05 and 275.65, while 1st support hits today at 266.85 and below there at 263.20.

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	26.32	70.82	71.60	72.12	71.14	25.54	25.79	24.91	22.56	21.78
CTAN23	83.90	62.06	57.56	40.16	52.46	81.20	80.48	81.42	81.42	82.17
CTAZ23	83.24	60.68	56.41	36.91	48.14	81.04	80.63	81.48	81.72	82.22
CCAN23	2933	54.63	55.49	46.34	42.15	2899.50	2918.78	2928.50	2848.18	2819.72
OJAN23	269.90	57.41	58.91	41.19	38.87	266.90	268.65	268.40	252.47	245.94
KCAN23	188.05	51.20	52.18	28.07	22.39	185.81	187.00	191.03	182.35	182.34
MAM23	16.99	28.97	31.19	14.43	14.03	17.03	17.15	17.56	18.10	18.28

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

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	25.31	25.89	26.17	26.75	27.03
CTAN23	Cotton	80.82	82.54	83.53	85.25	86.24
CTAZ23	Cotton	80.64	82.12	82.87	84.35	85.10
CCAN23	Cocoa	2895	2915	2930	2950	2965
OJAN23	Orange Juice	263.15	266.80	269.40	273.05	275.65
KCAN23	Coffee	180.58	184.82	187.03	191.27	193.48
MAM23	Milk	16.86	16.92	16.99	17.05	17.12

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

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