

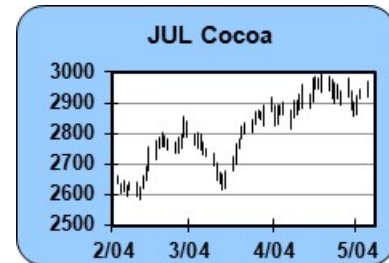


DAILY SOFTS COMMENTARY Tuesday May 09, 2023

DAILY COCOA COMMENTARY 5/9/2023

Resumption of uptrend leaves 3047 as next upside target

Cocoa prices continue to deal with near-term demand concerns that will return to a front and center status with key inflation readings later this week. With the market continuing to receive bullish supply news, cocoa prices should be able to maintain upside momentum this week. Global risk sentiment continues to improve which has helped to strengthen cocoa's near-term demand outlook. The US, Germany and France, some of the world's largest cocoa grinding nations, and all 3 will have updated CPI data later this week. If year-over-year CPI readings show upticks, it will diminish the demand outlook for discretionary items such as chocolates.



Even if demand improvement remains lukewarm, cocoa remains on-track for a global production deficit this season which has underpinned the market early this week. The latest weekly Ivory Coast port arrivals total came in above the comparable period last year, but their full-season total is well behind last season's pace. Although there was below average rainfall over many West African growing areas last week, there are indications that soil moisture levels remain adequate for their mid-crop cocoa beans. As long as global markets do not shift into a "risk off" mood, cocoa can extend this current recovery move.

TODAY'S MARKET IDEAS:

Cocoa is heading for a second sizable production deficit in a row with the lowest stock/usage in over 35 years. Near-term support for July cocoa is at 2914 while resistance is up at 2986.

NEW RECOMMENDATIONS:

* Buy July Cocoa at 2926 with an objective of 3044. Risk to 2889.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

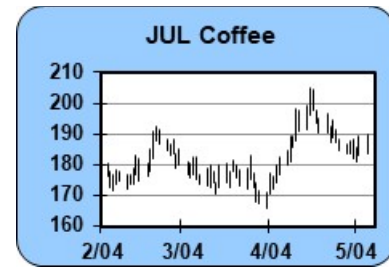
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COCOA (JUL) 05/09/2023: The daily stochastics have crossed over up which is a bullish indication. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside target is at 2999. The next area of resistance is around 2979 and 2999, while 1st support hits today at 2929 and below there at 2899.

DAILY COFFEE COMMENTARY 5/9/2023

In position to bounce; Colombia still having production issues

Coffee remains oversold but has seen seven days of consolidation. The market continues to be pressured by fresh Brazilian supply and out-of-home demand concerns. If the market can see continued improvement in global risk sentiment, coffee may be able to regain and sustain upside momentum. There was below-normal rainfall over Brazil's major Arabica growing areas last week as the region has shifted to a more normal weather pattern, and that has pressured coffee prices as it should minimize early harvest delays. Coffee has seen choppy price action this month and will be dealing with the early Brazilian Arabica harvest.



In addition, a large pullback in the Brazilian currency put additional pressure on the coffee market as that may encourage Brazilian farmers to market their coffee supply to foreign customers. Restaurant and retail shop demand has been diminished by high inflation levels for many developed economies, and that may pressure coffee prices in front of critical CPI readings this week. ICE exchange coffee stocks fell by 2,141 bags on Monday to reach a new 2023 low. With no coffee going through the grading process for several weeks, ICE exchange coffee stocks are likely to head towards lower levels.

TODAY'S MARKET IDEAS:

If improving global risk sentiment can help to soothe out-of-home demand concerns, coffee should be able to hold its ground above last week's low. Near-term support for July coffee is at 183.70, with resistance at 191.15 and 193.00.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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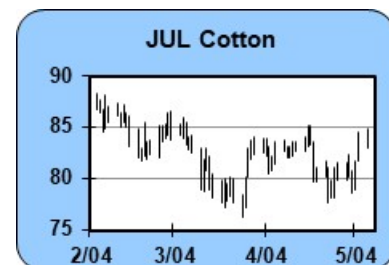
COFFEE (JUL) 05/09/2023: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The downside closing price reversal on the daily chart is somewhat negative. The market setup is somewhat negative with the close under the 1st swing support. The next downside objective is 178.83. The next area of resistance is around 187.20 and 191.82, while 1st support hits today at 180.70 and below there at 178.83.

DAILY COTTON COMMENTARY

5/9/2023

Bearish technical action after successful test of highs

The market experienced a successful test of the April highs. After a sharp rally to end last week, cotton sold off yesterday. A short-term overbought condition coupled with a forecast for rainfall in west Texas invited sellers. Traders are looking ahead to the monthly USDA supply/demand report at the end of this week, which will provide the first full look at the 2023/24 marketing year. The weather forecast has improved for west Texas, which is seeing heavier rain amounts than it did 24 hours ago. The 1-5-day forecast has 1 1/4 to 4 inches across



west Texas, with some areas seeing as much as 5 inches. Just yesterday, the forecast was calling for 1 1/4 inches.

The latest US drought monitor west Texas under severe to extreme drought, so the added rainfall is welcome news for growers. The 6-10 and 8-14-day forecasts have above normal precipitation. The weekly Crop Progress report showed 22% of the US cotton crop was planted as of May 7, up from 15% the previous week and in line with a year ago (23%) and the 10-year average (22%). Texas was 23% planted versus 20% last week, 22% a year ago and 20% on average. Georgia is a little bit behind at 13% planted versus 20% a year ago and on average.

TODAY'S MARKET IDEAS:

July cotton close in resistance is at 83.18, with support at 80.78 and 79.74. December cotton resistance is at 81.85, with support at 80.21.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (JUL) 05/09/2023: 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. The daily closing price reversal down puts the market on the defensive. The market tilt is slightly negative with the close under the pivot. The next upside target is 85.45. The next area of resistance is around 84.21 and 85.45, while 1st support hits today at 82.39 and below there at 81.81.

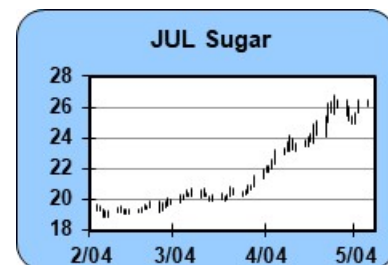
COTTON (DEC) 05/09/2023: Positive momentum studies in the neutral zone will tend to reinforce higher price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. The downside closing price reversal on the daily chart is somewhat negative. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside target is at 84.59. The next area of resistance is around 83.75 and 84.59, while 1st support hits today at 82.25 and below there at 81.58.

DAILY SUGAR COMMENTARY

5/9/2023

Increasing Brazil supply may begin to pressure

Sugar prices were unable to sustain their recovery move into the new trading week in spite of a continued recovery in energy prices. With market focus shifting towards the new Brazil Center-South season, sugar prices remain vulnerable to an extended pullback. Crude oil is nearly \$10 a barrel and RBOB gasoline over 20 cent a gallon above last week's lows, and that provided the sugar market with early carryover support as that should give a boost to near-term ethanol demand. The market will have the latest Unica Center-South supply report later this week which should show this season's production well ahead of last season's pace.



A pullback in the Brazilian currency weighed on sugar prices later in the day, however, as that should encourage Brazil's Center-South mills from shifting a portion of their crushing from sugar production to ethanol production. There are reports that India's government may try to prevent 80,000 to 85,000 tonnes of sugar from being

exported. While this is part of India's first (and likely only) export tranche this season, this sugar has not left India as of yet and will be diverted towards their nation's 27.5 million tonnes of domestic consumption this season.

TODAY'S MARKET IDEAS:

Unless energy prices climb well above current levels, sugar remains vulnerable to a sizable near-term pullback. Near-term resistance for July sugar is at 26.42, with 25.35 and 24.89 as support.

NEW RECOMMENDATIONS:

* Buy July Sugar 25.00 put at 60 with an objective of 129. Risk 28 from entry.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (JUL) 05/09/2023: The daily stochastics have crossed over up which is a bullish indication. 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 could take on a defensive posture with the daily closing price reversal down. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside target is 26.63. The next area of resistance is around 26.32 and 26.63, while 1st support hits today at 25.86 and below there at 25.70.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (JUL) 05/09/2023: The downside crossover of the 9 and 18 bar moving average is a negative signal. Momentum studies are declining, but have fallen to oversold levels. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The outside day down is a negative signal. The market is in a bearish position with the close below the 2nd swing support number. The next downside target is 250.10. The next area of resistance is around 266.50 and 276.35, while 1st support hits today at 253.40 and below there at 250.10.

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	26.09	66.26	68.45	72.38	72.90	25.78	25.81	25.06	22.69	21.90
CTAN23	83.30	58.85	55.53	46.71	59.82	81.93	81.00	81.47	81.39	82.11
CTAZ23	83.00	59.11	55.42	43.61	56.99	81.67	81.03	81.51	81.69	82.18
CCAN23	2954	58.83	58.12	48.04	51.45	2915.25	2921.67	2933.39	2852.36	2825.23
OJAN23	259.90	40.49	47.59	36.17	26.12	265.38	266.44	268.16	253.38	246.55
KCAN23	183.95	43.69	47.31	25.07	19.08	185.11	186.51	190.77	182.50	182.51
MAM23	17.04	32.08	33.01	14.60	14.94	17.04	17.12	17.48	18.07	18.24

Calculations based on previous session. Data collected 05/08/2023

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	25.69	25.85	26.16	26.32	26.63

CTAN23	Cotton	81.80	82.38	83.63	84.21	85.45
CTAZ23	Cotton	81.57	82.24	83.08	83.75	84.59
CCAN23	Cocoa	2899	2929	2949	2979	2999
OJAN23	Orange Juice	250.05	253.35	263.20	266.50	276.35
KCAN23	Coffee	178.82	180.70	185.32	187.20	191.82
MAM23	Milk	16.84	16.94	17.02	17.12	17.20

Calculations based on previous session. Data collected 05/08/2023

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