



DAILY SOFTS COMMENTARY

Wednesday May 10, 2023

DAILY COCOA COMMENTARY

5/10/2023

Has supply fundamentals to trade higher; 3047 next

While the market's focus has been on the demand outlook, cocoa has been seeing bullish supply developments this season. With more signs of a second sizable global production deficit in a row, cocoa should maintain upside momentum. There are reports that swollen shoot disease is spreading in Ivory Coast growing areas. With Ghana and Nigeria already reporting disease outbreaks earlier this season, this means that three of the 4 major West African cocoa growing nations have had issues with their 2022/23 production.



While there are indications that fertilizer and pesticide use has become more frequent this year, that should have more of an impact on next season's main crop harvest. Recent heavy rainfall has delayed the early West African mid-crop harvest this year, which has also provided cocoa prices with underlying support as that may keep near-term supply tighter than normal in the region. Inflation levels remain high enough to negatively impact global chocolate demand, so the cocoa market may take some direction from the April US CPI and core CPI reading released at midsession.

TODAY'S MARKET IDEAS:

The cocoa market will have updated CPI results from two of its top grinding nations (Germany and the US) early in the session. If both year-over-year readings can avoid upticks, cocoa should see improved demand prospects and should be able to extend its recovery move. Near-term support for July cocoa is at 2970, with resistance at 3030 and 3047.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

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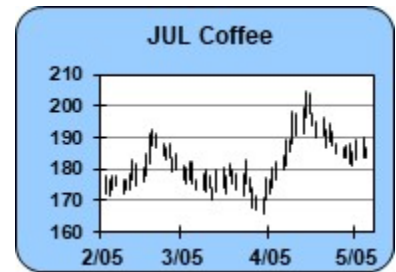
COCOA (JUL) 05/10/2023: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next upside objective is 3059. The next area of resistance is around 3036 and 3059, while 1st support hits today at 2962 and below there at 2910.

DAILY COFFEE COMMENTARY

5/10/2023

Colombia tightening supply; Vietnam exports down

Coffee's choppy price action so far this month has kept the market holding above last week's low. If global risk sentiment can improve following today's key US economic data, coffee should be able to break out above its May consolidation zone. Colombia's production pace remains near multi-year lows which continues to underpin coffee prices. Brazil is having a relatively slow start to this year's harvest as some areas of Minas Gerais and Parana states have not started their harvesting operations. ICE exchange coffee stocks fell by 4,156 bags on Tuesday, are at their lowest levels since December and continue to have no coffee going through the exchange grading process. This has also provided the coffee market with underlying support as it shows some improvement with global demand since the start of this year. While most of Vietnam's coffee production is of the Robusta variety, their 2023 exports are running 5.5% behind last season's pace which is leading to tighter near-term supply in many areas of the world.



TODAY'S MARKET IDEAS:

Although coffee continues to have trouble sustaining upside momentum, the market is showing signs that a near-term low is in. If global risk sentiment can improve after today's critical US and German CPI readings, coffee should extend its recovery move. Near-term support for July coffee is at 184.20, with resistance at 193.00 and 195.80.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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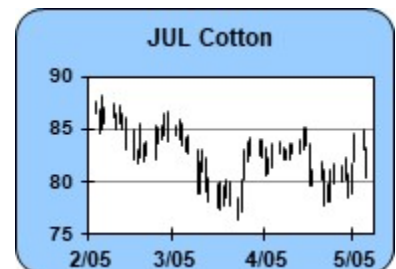
COFFEE (JUL) 05/10/2023: Momentum studies are declining, but have fallen to oversold levels. The market's close above the 9-day moving average suggests the short-term trend remains positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is now at 182.59. The next area of resistance is around 188.17 and 189.28, while 1st support hits today at 184.83 and below there at 182.59.

DAILY COTTON COMMENTARY

5/10/2023

Good rain events to ease soil moisture deficits

The market was pressured yesterday by some disappointing economic news out of China, after a Reuters report showed Chinese imports fell 7.9% year over year in April versus expectations for 0% change. Exports were up 8.5% year-over-year versus a 14.8% increase in March. A major cotton trader and processor in China has warned that Chinese cotton production could decline this year after frigid weather delay sowing and hurt plants in some areas, according to a story in Bloomberg. The trader suggested production could fall as much as 1 million tonnes in 2023 from 6 million in 2022, a decline of more than 15%. However, the article pointed out that the crop still has time to recover.



The outlook for the upcoming US crop has improved significantly this week. The crop progress report showed the planting pace is close to the 10-year average, and rain amounts have increased in west Texas. The 1-5-day forecast shows as much as 5 inches of rain for the region, and the 6-10 and 8-14-day forecasts have above

normal chances of rainfall. The recent Drought Monitor showed an area of severe to extreme drought in west Texas, so the rainfall is welcome.

For the first look by the USDA for the 23/24 season, traders see US production at 15.78 million bales, 14.70-18.05 range, as compared with 14.68 million bales last year. Ending stocks are expected near 4.18 million bales, 3.33-5.05 range, as compared with 4.1 million bales this year. World ending stocks are expected near 90.34 million bales, 86.00-92.76 range, as compared with 92.01 million bales this year.

TODAY'S MARKET IDEAS:

The crop outlook is improving with better weather. July cotton close in resistance is at 81.83, with support at 79.74 and 78.60.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (JUL) 05/10/2023: The major trend has turned down with the cross over back below the 60-day moving average. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The close below the 2nd swing support number puts the market on the defensive. The near-term upside target is at 84.17. The next area of resistance is around 82.38 and 84.17, while 1st support hits today at 79.60 and below there at 78.61.

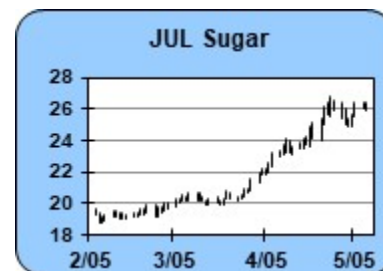
COTTON (DEC) 05/10/2023: The close under the 60-day moving average indicates the longer-term trend could be turning down. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The close below the 2nd swing support number puts the market on the defensive. The near-term upside objective is at 83.68. The next area of resistance is around 82.18 and 83.68, while 1st support hits today at 79.84 and below there at 79.01.

DAILY SUGAR COMMENTARY

5/10/2023

Increasing Brazil supply may ease tightness soon

Sugar prices have found support from key outside markets, but have been unable to retest their late April highs. If global risk sentiment turns negative, sugar may be vulnerable to a sizable near-term pullback. A mild rebound in the Brazilian currency provided the sugar market with carryover support as that should ease pressure on Brazil's Center-South mills to produce sugar instead of ethanol. Energy prices extended their recovery move with moderate gains on Tuesday, and that may give an additional boost to ethanol demand prospects.



There are also concerns of potential bottlenecks with Brazilian sugar exports during the second quarter, which have also provided support to the market. Although there were delays last month with cane harvesting and crushing due to inclement weather, this season's Center-South sugar production is widely expected to increase on last season's total. There was also a significant increase in Center-South cane crushing and sugar production during the second half of March as many mills restarted their operations earlier than normal.

TODAY'S MARKET IDEAS:

While near-term export bottlenecks may provide support, Brazil will still have a sizable increase in sugar production this season. As a result, it appears that the sugar market may be overvalued at current price levels. Near-term resistance for July sugar is at 26.42, with support at 25.62 and then 25.08.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

* Long July Sugar 25.00 put from 60 with an objective of 129. Risk to 32.

SUGAR TECHNICAL OUTLOOK:

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SUGAR (JUL) 05/10/2023: Momentum studies are trending higher but have entered overbought levels. The close above the 9-day moving average is a positive short-term indicator for trend. The daily closing price reversal up is a positive indicator that could support higher prices. The market has a slightly positive tilt with the close over the swing pivot. The next upside objective is 26.68. The next area of resistance is around 26.44 and 26.68, while 1st support hits today at 25.94 and below there at 25.69.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (JUL) 05/10/2023: The market back below the 40-day moving average suggests the longer-term trend could be turning down. Daily stochastics are trending lower but have declined into oversold territory. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market is in a bearish position with the close below the 2nd swing support number. The next downside target is now at 236.75. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 254.25 and 263.85, while 1st support hits today at 240.70 and below there at 236.75.

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	26.19	67.29	69.08	73.30	75.14	26.03	25.85	25.22	22.82	22.01
CTAN23	80.98	48.07	48.43	49.60	55.36	82.49	81.29	81.34	81.29	82.03
CTAZ23	81.01	47.61	47.94	46.85	53.35	82.16	81.23	81.40	81.60	82.12
CCAN23	2999	66.34	63.15	54.17	66.43	2947.50	2927.11	2938.06	2856.91	2831.75
OJAN23	247.45	28.62	37.82	29.38	15.79	261.03	263.95	266.99	253.82	246.95
KCAN23	186.50	48.93	50.41	24.22	22.51	185.36	185.94	190.33	182.65	182.72
MAM23	16.88	27.72	30.26	13.61	11.64	16.99	17.09	17.41	18.04	18.20

Calculations based on previous session. Data collected 05/09/2023

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	25.68	25.94	26.18	26.44	26.68
CTAN23	Cotton	78.61	79.59	81.39	82.38	84.17
CTAZ23	Cotton	79.00	79.83	81.34	82.18	83.68
CCAN23	Cocoa	2909	2961	2984	3036	3059

OJAN23	Orange Juice	236.70	240.65	250.30	254.25	263.85
KCAN23	Coffee	182.58	184.82	185.93	188.17	189.28
MAM23	Milk	16.68	16.75	16.92	16.99	17.16

Calculations based on previous session. Data collected 05/09/2023

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