



DAILY SOFTS COMMENTARY

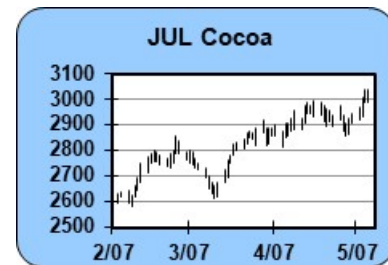
Friday May 12, 2023

DAILY COCOA COMMENTARY

5/12/2023

Has supply fundamentals for a resumption of the uptrend

Cocoa's near-term demand outlook has been driven by the ebb and flow of global risk sentiment over the past few years, so it was no surprise that the market lost upside momentum following Thursday's slate of global economic data. Unless global markets can regain a "risk on" mood during today's action, cocoa prices are a bit vulnerable to profit-taking. While lower inflation normally benefits cocoa's demand outlook, sluggish Chinese CPI and PPI readings do not bode well for their near-term economic strength. This in turn put pressure on the cocoa market as that will cast a shadow over Asian demand during the second and third quarter. In addition, negative guidance from the Bank of England weakened cocoa's European demand outlook which also weighed on cocoa prices. The supply side of the market remains bullish with this season's Ivory Coast port arrivals behind last season's pace, while output from Ghana and Nigeria has been diminished by disease outbreaks.



TODAY'S MARKET IDEAS:

There will be an update on French CPI that could put additional pressure on cocoa prices if its year-over-year reading shows an uptick. Near-term resistance for July cocoa is at 3047 and 3088, with support at 2971 and 2949.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

COCOA (JUL) 05/12/2023: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market's close below the pivot swing number is a mildly negative setup. The near-term upside target is at 3054. The next area of resistance is around 3026 and 3054, while 1st support hits today at 2980 and below there at 2963.

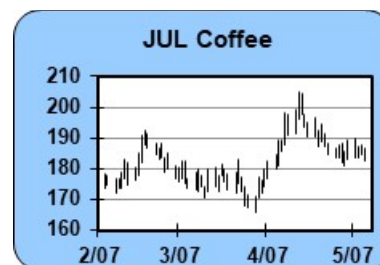
DAILY COFFEE COMMENTARY

5/12/2023

Still consolidating; may need to correct oversold

Coffee prices have been unable to sustain upside momentum since mid-April and have held within a tight trading range since the start of May. There is no rain in the forecast for major Brazilian Arabica growing regions through the end of next week, and the shift towards drier weather is expected to speed up harvesting operations. This pressured coffee prices as new crop Brazilian supply will reach the global export marketplace by mid-year. While the Brazilian currency extended its recovery move, it provided little carryover support to the coffee market.

Out-of-home consumption has been subdued by stubbornly high inflation levels in many nations. The negative shift in global risk sentiment late this week is also likely to weaken restaurant and retail shop demand, ICE exchange coffee stocks fell by 3,445 bags on Thursday, and are more than 33,000 bags below their April month-end total and more than 168,000 bags below the 2022 year-end total.



TODAY'S MARKET IDEAS:

Brazil is likely to see a moderate production increase from last season, but Colombia's production pace remains at multi-year lows. If a "risk on" mood can redevelop in global markets, coffee may be able to avoid a downside breakout. Near-term support for July coffee is at 180.60, with resistance at 190.15 and 193.00.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

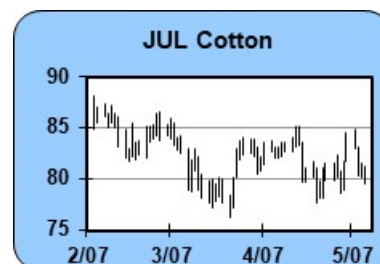
COFFEE (JUL) 05/12/2023: The close under the 40-day moving average indicates the longer-term trend could be turning down. The daily stochastics have crossed over down which is a bearish indication. Daily stochastics declining into oversold territory suggest the selling may be drying up soon. A negative signal for trend short-term was given on a close under the 9-bar moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is 179.47. The next area of resistance is around 185.12 and 187.96, while 1st support hits today at 180.88 and below there at 179.47.

DAILY COTTON COMMENTARY

5/12/2023

Improving weather for better crop but USDA Today

The results of the USDA update should dictate price direction today. A breakout rally in the dollar on seemed to put pressure on cotton prices yesterday, even in the face of a decent export sales report. The report showed US cotton export sales for the week ending May 4 at 246,817 bales for the 2022/23 (current) marketing year and 12,760 for 2023/24, for a total of 259,257. This was up slightly from 258,202 the previous week and was the highest since March 23. Sales have come in above 200,000 bales for three weeks in a row. Cumulative sales for 2022/23 have reached 12.499 million bales, down from 14.781 million a year ago and the lowest for this time of year since 2015/16, but they have reached 109% of the USDA forecast for the marketing year versus a five-year average of 106% for this point in the season. This suggests the USDA could raise its 2022/23 export forecast in their monthly supply/demand report on Friday. The largest buyer this week was China 106,170 bales, followed by Vietnam at 67,082 and Bangladesh at 36,029. China has the most



commitments for 2022/23 at 2.871 million bales, followed by Pakistan at 2.040 million.

For the supply/demand report today, the average trade expectation for US 2023/24 cotton production is 15.78 million bales, with a range of expectations from 14.70 to 18.05 million. This would be up from 14.68 million in 2022/23. Exports are expected to come in around 13.46 million tonnes (range 12.20-15.00 million) versus 12.20 in 2022/23. US ending stocks are expected to come in around 4.18 million bales (range 3.33-5.05 million) versus 4.10 million in 2022/23. World ending stocks are expected to come in around 90.34 million bales versus 92.01 million in 2022/23. More than 1.5 inches of rainfall this past week resulted in a 1-category improvement to parts of central and northwest Texas, the Texas Panhandle, and central Oklahoma, according to the weekly Drought Monitor. However, west Texas did not see any improvement in drought conditions.

TODAY'S MARKET IDEAS:

The 1-5-day forecast calls for rainfall of 1-4 inches in west Texas, and the 6-10 and 8-14-day maps show above normal chances of rain. July cotton resistance is at 80.78, with support at 78.60. December cotton resistance is at 80.21, with support at 78.95 and 77.56.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

COTTON (JUL) 05/12/2023: The daily stochastics have crossed over down which is a bearish indication. Stochastics trending lower at midrange will tend to reinforce a move lower especially 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 setup is somewhat negative with the close under the 1st swing support. The next downside target is 78.28. The next area of resistance is around 80.48 and 81.72, while 1st support hits today at 78.76 and below there at 78.28.

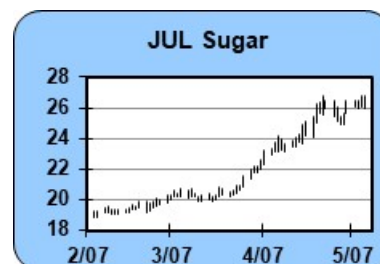
COTTON (DEC) 05/12/2023: A bearish signal was triggered on a crossover down in the daily stochastics. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside target is now at 78.43. The next area of resistance is around 80.34 and 81.40, while 1st support hits today at 78.86 and below there at 78.43.

DAILY SUGAR COMMENTARY

5/12/2023

Another successful test of the highs; still overbought

After several sessions of coiling price action, the sugar market was unable to climb above its late April high and is on-track for a negative weekly result. The Brazilian trade group Unica released their latest supply report for Brazil's Center-South region which showed sugar production during the second of April coming in at 989,000 tonnes which was 5.8% above last year's total. Over the same timeframe, Center-South cane crushing was 12.5% below last year's comparable total, due in part to wet weather limiting operations during 3 days of that period. Sugar's share of Center-South crushing during the second half of April was 6.7% above last season's levels, which added further pressure to sugar prices as it shows that mills



continue to favor sugar production over ethanol production. Center-South domestic ethanol sales during the month of April were 7.2% below last year's total which was a second month in a row that ethanol sales came in below 2022 levels.

TODAY'S MARKET IDEAS:

Energy prices have lost upside momentum, and that can add further pressure to sugar prices. Near-term resistance for July sugar is at 26.62, with support at 25.85 and 25.62.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

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

SUGAR TECHNICAL OUTLOOK:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

SUGAR (JUL) 05/12/2023: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. The close below the 1st swing support could weigh on the market. The near-term upside objective is at 26.94. The next area of resistance is around 26.39 and 26.94, while 1st support hits today at 25.65 and below there at 25.45.

OJ TECHNICAL OUTLOOK:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

ORANGE JUICE (JUL) 05/12/2023: Momentum studies are declining, but have fallen to oversold levels. The market's close below the 9-day moving average is an indication the short-term trend remains negative. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is now at 244.65. The next area of resistance is around 251.80 and 255.20, while 1st support hits today at 246.55 and below there at 244.65.

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	26.02	59.23	63.33	76.37	77.62	26.24	25.85	25.52	23.08	22.25
CTAN23	79.62	42.36	44.56	47.86	43.28	81.17	81.20	81.02	81.14	81.83
CTAZ23	79.60	40.66	43.20	44.92	39.43	81.09	81.08	81.11	81.46	81.96
CCAN23	3003	63.37	61.72	66.75	77.22	2995.50	2945.78	2949.89	2868.62	2843.72
OJAN23	249.15	32.01	39.75	19.82	12.06	251.05	259.72	265.00	254.80	247.91
KCAN23	183.00	42.22	46.14	23.43	21.39	184.85	185.36	189.13	182.88	182.88
MAM23	16.91	35.90	35.48	14.66	14.41	17.01	17.02	17.32	17.98	18.13

Calculations based on previous session. Data collected 05/11/2023

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	25.44	25.64	26.19	26.39	26.94
CTAN23	Cotton	78.28	78.76	80.00	80.48	81.72
CTAZ23	Cotton	78.42	78.85	79.91	80.34	81.40

CCAN23	Cocoa	2962	2980	3008	3026	3054
OJAN23	Orange Juice	244.55	246.50	249.90	251.80	255.20
KCAN23	Coffee	179.46	180.87	183.71	185.12	187.96
MAM23	Milk	16.63	16.74	16.97	17.08	17.31

Calculations based on previous session. Data collected 05/11/2023

Data sources can & do produce bad ticks. Verify before use.

****This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.*