



## DAILY SOFTS COMMENTARY

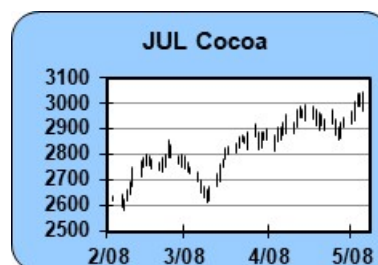
Monday May 15, 2023

### DAILY COCOA COMMENTARY

5/15/2023

#### Key reversal and a bit overbought

Cocoa's abrupt turnaround last Friday may set the stage for downside follow through early this week. With the market receiving both bullish supply and demand developments during the past few weeks, cocoa should stay fairly well supported on any near-term pullback. July cocoa experienced a negative daily key reversal. For the week, July cocoa finished with a gain of 53 points (up 1.8%) which broke a 2-week losing streak. A negative shift in global risk sentiment weakened the near-term demand outlook and put pressure on cocoa prices. In addition, sizable losses in the Eurocurrency and British Pound put carryover pressure on the cocoa market going into the weekend.



Although inflation remains stubbornly high in many nations, it has fallen well below levels seen in 2022 with year-over-year readings for US CPI falling for ten months in a row. This should provide a longer-term benefit for demand of discretionary items such as chocolates. On the supply side, West Africa's mid-crop harvest is starting to speed up after a slower than normal start. Ivory Coast port arrivals are well behind last season's pace while several West African growing nations have reported disease outbreaks this season. As a result, the cocoa market is expected to have a second global production deficit in a row this season. The Commitments of Traders report for the week ending May 9th showed Cocoa Managed Money traders net bought 1,512 contracts and are now net long 51,003 contracts. Non-Commercial & Non-Reportable traders are net long 61,721 contracts after net buying 3,853 contracts.

#### TODAY'S MARKET IDEAS:

An outside-day down from a contract high normally leads to downside follow-through, and that could encourage a wave of profit-taking. Near-term resistance for July cocoa is at 3014, with support at 2953 and 2930.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/2/2023 - 5/9/2023						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
<b>Softs</b>						
Cocoa	57,180	+3,644	-61,721	-3,853	4,541	+209

#### COCOA TECHNICAL OUTLOOK:

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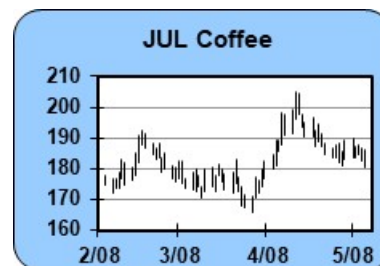
COCOA (JUL) 05/15/2023: The moving average crossover up (9 above 18) indicates a possible developing short-term uptrend. Momentum studies are trending higher but have entered overbought levels. The close above the 9-day moving average is a positive short-term indicator for trend. The outside day down is somewhat negative. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside objective is at 3075. The next area of resistance is around 3024 and 3075, while 1st support hits today at 2948 and below there at 2922.

## DAILY COFFEE COMMENTARY

5/15/2023

### Still consolidating; may need spark for more up

After falling back from a six-month high during the second half of April, the coffee market started May by holding in a consolidation zone. There has been some recent bullish supply development that should help to underpin coffee prices early this week. For the week, July coffee finished with a loss of 5.20 cents (down 2.8%) which was a third negative weekly result over the past 4 weeks. Global risk sentiment remains subdued which put additional pressure on coffee prices as that may weaken out-of-home consumption demand. The Brazilian currency reached a 3 1/2 week high, which provided carryover support to the coffee market. There is a growing consensus that Brazil's 2023/24 "off-year" Arabica crop will come in above last season's "on-year" crop, and this has weighed on prices over the past few weeks.



Traders have also been concerned that a negative shift in global risk sentiment will diminish restaurant and retail demand. Colombia's April coffee production came in at only 566,000 bags, which was their lowest monthly output total in 10 1/2 years. Colombia's latest 12-month running coffee production total has fallen to 10.882 million bags which is their lowest annualized output pace since December 2013 and more than 1.1 million below the annualized pace from April 2022. On the demand side, ICE exchange coffee stocks fell by 1,650 bags on Friday as they are on track for a fourth monthly decline in a row and are at their lowest levels since December. It is important to note that there has been no coffee going through the ICE exchange grading process in more than a month, which is a sign that end-user demand is improving. The May 9th Commitments of Traders report showed Coffee Managed Money traders were net long 26,434 contracts after decreasing their long position by 5,572 contracts. Non-Commercial & Non-Reportable traders net sold 3,857 contracts and are now net long 29,421 contracts.

### TODAY'S MARKET IDEAS:

If global risk sentiment turns positive, it could help coffee regain upside momentum and begin another leg of the 2023 rally. Near-term support for July coffee is at 180.60, with 189.85 as resistance.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/2/2023 - 5/9/2023						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Coffee	28,447	-3,960	-29,420	+3,858	974	+103

### COFFEE TECHNICAL OUTLOOK:

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COFFEE (JUL) 05/15/2023: The market back below the 60-day moving average suggests the longer-term trend could be turning down. 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 objective is now at 177.38. The next area of resistance is around 185.75 and 188.97, while 1st support hits today at 179.95 and below there at 177.38.

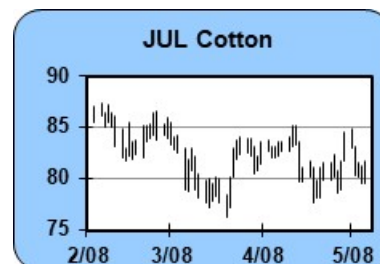
## DAILY COTTON COMMENTARY

5/15/2023

### Improving weather for Texas soils USDA news firm

The USDA supply/demand report on Friday put US 2023/24 cotton production at 15.50 million bales versus an average expectation of 15.78 million bales and a range of expectations from 14.70 to 18.05 million and 14.47 million in 2022/23. Exports came in at 13.50 million versus 13.46 million tonnes expected (range 12.20-15.00 million). 2022/23 exports were revised higher to 12.60 million bales from 12.20 million in the April report. 2023/24 ending stocks came in at 3.30 million versus 4.18 million expected (range 3.33-5.05 million). 2022/23 ending stocks were revised down to 3.50 million from 4.10 million in April.

World ending stocks for 2023/24 came in at 92.28 million bales versus 90.34 million expected (range 86.00-92.76 million) versus 92.63 million in 2022/23. The US numbers were bullish for old and new crop, with new crop coming in at the bullish end of expectations and old crop seeing ending stocks revised lower.



The world numbers were bearish, with new crop ending stocks coming in near the upper end of trade expectations. The market traded sharply higher in the wake of the report. It gave back much of its gains by the end of the session, but it still closed higher on the day. West Texas saw some badly needed rainfall last week, which could pressure new crop cotton. The 1-5-day forecast has rains of up to 1 1/4 inches across the region. The 6-10 and 8-14-day maps show above normal chances. Friday's Commitments of Traders report showed managed money traders were net buyers of 8,046 contracts of cotton for the week ending May 9, reducing their net short to 13,842. Non-commercial, no CIT traders were net buyers of 7,780, reducing their net short to 15,682. The buying trend is short-term positive.

### TODAY'S MARKET IDEAS:

Uptrend channel support comes in at 79.33 for December cotton and as long as this level is not penetrated on a closing basis, there is hope for an additional bounce. Resistance is at 82.27. July cotton managed to close higher on Friday with support at 80.54, with 82.96 and 84.53 as resistance.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/2/2023 - 5/9/2023						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
<b>Softs</b>						
Cotton	1,901	+9,410	-2,433	-9,123	532	-287

### COTTON TECHNICAL OUTLOOK:

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COTTON (JUL) 05/15/2023: Momentum studies trending lower at mid-range should accelerate a move lower if

support levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The market setup is supportive for early gains with the close over the 1st swing resistance. The next downside objective is 78.45. The next area of resistance is around 81.61 and 82.76, while 1st support hits today at 79.45 and below there at 78.45.

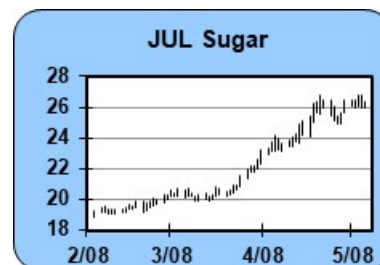
COTTON (DEC) 05/15/2023: A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close below the 9-day moving average is a negative short-term indicator for trend. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is 78.46. The next area of resistance is around 81.06 and 82.10, while 1st support hits today at 79.24 and below there at 78.46.

## DAILY SUGAR COMMENTARY

5/15/2023

### COT shows large net long position from fund traders

Sugar's coiling action last week kept the market at the top end of its 2023 zone. An inability to climb above its late April high may be an early sign that sugar prices are getting top-heavy at their current levels and are vulnerable to a sizable near-term pullback. For the week, July sugar finished with a loss of 10 ticks (down 0.4%) which was a second negative weekly result in a row following 6 "up" weeks in a row. The likelihood that an El Nino weather event will occur during the early stages of India's monsoon season continues to provide underlying support to the sugar market. An El Nino normally brings drier than normal conditions to India's growing areas, but it does not necessarily mean there will be a drought. Out of the 14 growing years since 1957 that a drought has occurred, 13 of them have coincided with an El Nino event.



However, there have also been 12 growing years in which an El Nino was underway that India did not have a drought. After normal and above normal rainfall during the past four monsoons, India's reservoirs are 22% above their 10-year average for this time of year, which provides some cushion if the monsoon comes up short. The Brazilian currency climbed up to a 3 1/2 week high which provided support to the sugar market and helped to offset pressure from a week-ending pullback in energy prices. The USDA forecast 2023/25 US sugar production at 9.22 million tons (8.36 million tonnes) which would be a slight decline from the 2022/23 season, but also projected 2023/24 US sugar stocks/usage at 11.3 versus 13.5 for the 2022/23 season. The May 9th Commitments of Traders report showed Sugar Managed Money traders were net long 211,869 contracts after increasing their already long position by 4,069 contracts. Non-Commercial & Non-Reportable traders were net long 285,196 contracts after increasing their already long position by 6,075 contracts.

### TODAY'S MARKET IDEAS:

The India Meteorological Department (IMD) is predicting this year's monsoon rainfall to be 96% of the 50-year "long-period" average which would be at the low end of the "normal" monsoon category. As long as there is normal monsoon rainfall during June and July, India should not have a sizable production decline during the 2023/24 season, and that could leave sugar prices overvalued at current levels. Near-term resistance for July sugar is at 26.61, with initial key support back at 24.17.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

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

### Commitment of Traders - Futures and Options - 5/2/2023 - 5/9/2023

	Non-Commercial		Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						

Sugar	231,543	+6,240	-285,196	-6,076	53,653	-165
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## SUGAR TECHNICAL OUTLOOK:

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SUGAR (JUL) 05/15/2023: The daily stochastics have crossed over down which is a bearish indication. Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The market's short-term trend is positive on the close above the 9-day moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is 25.82. The next area of resistance is around 26.41 and 26.59, while 1st support hits today at 26.03 and below there at 25.82.

## OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (JUL) 05/15/2023: The major trend has turned down with the cross over back below the 60-day moving average. 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 defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is 233.55. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 247.70 and 253.40, while 1st support hits today at 237.80 and below there at 233.55.

## 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
<b>SOFTS MARKETS COMPLEX</b>										
SBAN23	26.22	61.60	64.75	76.06	75.45	26.27	25.93	25.64	23.21	22.36
CTAN23	80.53	47.14	47.60	45.93	42.08	80.48	81.11	80.78	81.09	81.78
CTAZ23	80.15	44.30	45.49	41.97	36.07	80.38	80.97	80.88	81.40	81.91
CCAN23	2986	58.73	58.82	69.02	73.55	3003.50	2951.78	2951.06	2874.13	2848.02
OJAN23	242.75	26.59	35.26	16.76	10.65	246.75	257.17	263.65	255.07	248.32
KCAN23	182.85	41.94	45.96	22.24	19.86	184.58	185.06	188.01	183.06	182.99
MAM23	16.57	28.55	30.46	13.59	11.46	16.89	16.97	17.24	17.94	18.10

Calculations based on previous session. Data collected 05/12/2023

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

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>SOFTS MARKETS COMPLEX</b>						
SBAN23	Sugar	25.81	26.02	26.20	26.41	26.59
CTAN23	Cotton	78.44	79.45	80.60	81.61	82.76
CTAZ23	Cotton	78.45	79.23	80.28	81.06	82.10
CCAN23	Cocoa	2921	2947	2998	3024	3075
OJAN23	Orange Juice	233.50	237.75	243.45	247.70	253.40
KCAN23	Coffee	177.37	179.95	183.17	185.75	188.97
MAM23	Milk	16.24	16.36	16.65	16.77	17.06

Calculations based on previous session. Data collected 05/12/2023

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