



## DAILY SOFTS COMMENTARY

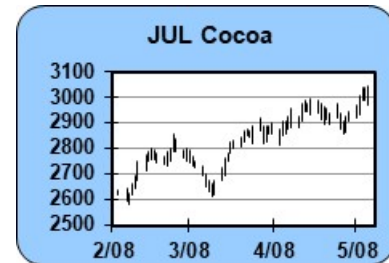
Tuesday May 16, 2023

### DAILY COCOA COMMENTARY

5/16/2023

#### Still under negative technical influence of key reversal

Cocoa prices were likely to start this week on the defensive, but the market was able to hold up fairly well to a wave of profit-taking and long liquidation. If global risk sentiment continues to improve, cocoa prices should remain fairly well supported. A shift towards drier weather over many West African growing areas weighed on cocoa prices as that may help to speed up the region's mid-crop harvest. However, Ivory Coast port arrivals remain behind last season's pace, which provided support to the cocoa market.



In addition, there are indications that the mid-crops in Ivory Coast and Nigeria have been disappointing so far, while Ghana's production has been negatively impacted by a lack of adequate fertilizer and pesticide use. As a result, this increases the likelihood that the 2022/23 season will result in a second sizable global production deficit in a row. A positive turnaround in US equity markets as well as moderate gains in the Eurocurrency and British Pound provided carryover support to the cocoa market as they should improve its near-term demand outlook.

#### **TODAY'S MARKET IDEAS:**

A sizable pullback would provide a fresh opportunity to approach the long side of the cocoa market. Near-term support for July cocoa is at 2930, and if that cannot hold, 2904 will become next support.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

None.

#### **COCOA TECHNICAL OUTLOOK:**

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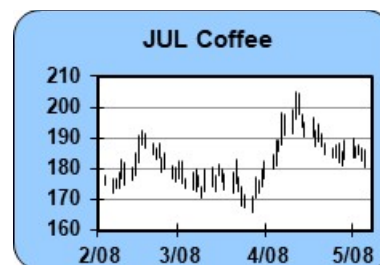
COCOA (JUL) 05/16/2023: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The close above the 9-day moving average is a positive short-term indicator for trend. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside target is at 3020. The next area of resistance is around 3003 and 3020, while 1st support hits today at 2957 and below there at 2928.

### DAILY COFFEE COMMENTARY

5/16/2023

## Tighter supply Central America may support more up

If global risk sentiment continues to improve, coffee should be able to extend its recovery move. The USDA forecast that Guatemala's 2023/24 coffee production will have a slight decline from this season, and coffee exports will decline 6% from this season helped to support. While there has been a rebound in Central American exports since the start of this year, the USDA said that 2022/23 Guatemalan exports will come in 10% below last season's total which does not bode well for second and third quarter shipments from the region.



Colombia's production pace has held close to 9-year lows during the past few months, and that continues to provide underlying support. The Brazilian currency reached a new 4-week high, which also provided the coffee market with carryover support as that should ease pressure on Brazil's farmers to market their near-term coffee supply to foreign customers. ICE exchange coffee stocks fell by 1,959 bags on Monday and have reached their lowest levels of 2023 so far.

### TODAY'S MARKET IDEAS:

Coffee prices had been pressured earlier this year by the increase in Central American supply, but the USDA's latest update on Guatemala could indicate production from the region may fall back during the second and third quarter. Near-term support for July coffee is at 185.15, with resistance 192.75 and 195.60.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### COFFEE TECHNICAL OUTLOOK:

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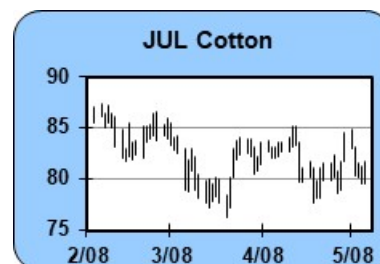
COFFEE (JUL) 05/16/2023: The major trend could be turning up with the close back above the 60-day moving average. The daily stochastics gave a bullish indicator with a crossover up. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The next upside objective is 195.25. The next area of resistance is around 193.20 and 195.25, while 1st support hits today at 185.60 and below there at 180.05.

## DAILY COTTON COMMENTARY

5/16/2023

### Wide consolidation continues; positive action after USDA

The cotton market has gotten a boost from a tighter than expected ending stocks forecast from the USDA, but the crop is on time, and west Texas got some rain last week. July and December cotton rallied sharply yesterday as they continued to digest the supportive supply/demand report from last Friday that showed US 2023/24 cotton production and ending coming in lower than expected, with ending stocks coming in below the low end of expectations. The dollar was lower on Monday and crude oil was higher, and both were supportive to cotton.



The short-term weather outlook has gotten slightly drier this week after good rain last week. The 1-5 day forecast calls for rains of less than 1/2 inch in most areas. The 6-10 and 8-14-day maps still show above average chances of rainfall. The weekly Crop Progress report showed 35% of the US cotton crop had been planted as of Sunday, up from 22% the previous week, and comparable to 35% last year and the 10-year average of 34%. Texas was 30% planted, up from 23% the previous week, 29% a year ago, and a 10-year average of 28%. Georgia was 32% planted versus 37% on average, and Oklahoma was 16% planted versus 18% on average.

#### **TODAY'S MARKET IDEAS:**

December cotton pushed through resistance at 82.27, leaving the next target at 83.38 and then 85.22. July cotton support comes in at 80.54, with resistance at 84.53.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

None.

#### **COTTON TECHNICAL OUTLOOK:**

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**COTTON (JUL) 05/16/2023:** The market now above the 60-day moving average suggests the longer-term trend has turned up. The daily stochastics have crossed over up which is a bullish indication. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. Market positioning is positive with the close over the 1st swing resistance. The near-term upside target is at 84.83. The next area of resistance is around 83.72 and 84.83, while 1st support hits today at 81.02 and below there at 79.42.

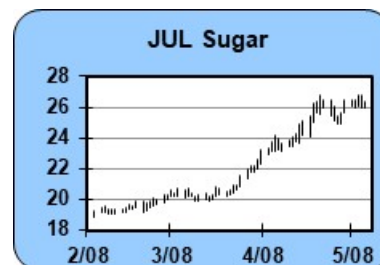
**COTTON (DEC) 05/16/2023:** The cross over and close above the 40-day moving average indicates the longer-term trend has turned up. The crossover up in the daily stochastics is a bullish signal. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. A positive setup occurred with the close over the 1st swing resistance. The next upside target is 83.89. The next area of resistance is around 82.93 and 83.89, while 1st support hits today at 80.63 and below there at 79.28.

#### **DAILY SUGAR COMMENTARY**

**5/16/2023**

##### **Increasing supply from Brazil may ease price pressures**

Sugar prices continue to hold their ground within a fairly tight range just below their late April and early May highs. Despite a rebound in key outside markets, sugar has been unable to reach new high ground and remains vulnerable to a sizable near-term pullback. Brazil's Center-South cane harvest and sugar production continues to be ahead of last season's pace, and that remains a source of pressure on the sugar market. Both the Brazilian currency and energy prices were able to extend their recovery moves, which provided carryover support to the sugar market as that may help to strengthen near-term demand.



The Brazilian firm Raizen said that they will crush 9% more cane this season. The Philippines approved an additional 150,000 tonnes of sugar imports to ease their currently tight near-term supply situation. There were reports that China may release 1 million tonnes of sugar from their state reserves due in part to a decline in this season's production. While there have been early delays to Brazil's Center-South cane harvesting and crushing,

they are likely to be made up for by the end of the second quarter.

#### **TODAY'S MARKET IDEAS:**

With Brazilian sugar reaching the global export market by the third quarter, the market looks to be overvalued at current price levels. Near-term resistance for July sugar is at 26.62, with support 25.17 and 24.17.

#### **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) 05/16/2023: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. A positive signal for trend short-term was given on a close over the 9-bar moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is 25.61. The next area of resistance is around 26.59 and 26.81, while 1st support hits today at 25.99 and below there at 25.61.

#### **OJ TECHNICAL OUTLOOK:**

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ORANGE JUICE (JUL) 05/16/2023: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. The daily stochastics have crossed over up which is a bullish indication. Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. The market's short-term trend is negative as the close remains below the 9-day moving average. A positive setup occurred with the close over the 1st swing resistance. The near-term upside objective is at 260.60. The next area of resistance is around 256.75 and 260.60, while 1st support hits today at 245.10 and below there at 237.25.

#### **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	26.29	62.46	65.26	75.58	74.61	26.30	26.05	25.78	23.34	22.48
CTAN23	82.37	55.54	53.17	46.88	48.78	80.82	81.33	80.71	81.17	81.77
CTAZ23	81.78	53.76	51.71	42.40	43.27	80.57	81.11	80.79	81.43	81.90
CCAN23	2980	57.07	57.79	69.41	70.19	2998.75	2961.67	2951.22	2880.11	2851.97
OJAN23	250.90	40.91	43.94	17.01	17.52	247.61	255.49	262.86	255.47	248.83
KCAN23	189.40	56.29	54.40	25.66	32.50	185.30	185.35	187.41	183.34	183.15
MAM23	16.41	25.76	28.42	12.17	9.33	16.77	16.90	17.16	17.90	18.06

Calculations based on previous session. Data collected 05/15/2023

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	25.61	25.99	26.21	26.59	26.81
CTAN23	Cotton	79.41	81.01	82.12	83.72	84.83

CTAZ23	Cotton	79.27	80.62	81.58	82.93	83.89
CCAN23	Cocoa	2928	2957	2974	3003	3020
OJAN23	Orange Juice	237.20	245.05	248.90	256.75	260.60
KCAN23	Coffee	180.05	185.60	187.65	193.20	195.25
MAM23	Milk	16.16	16.26	16.45	16.55	16.74

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