



**DAILY COCOA COMMENTARY**  
5/17/2023

**May need better correction before more up**

July cocoa is still under the bearish influence of the May 12th key reversal. The market has bullish supply fundamentals and strong corrective breaks are still buying opportunities. European and US equity markets, the Eurocurrency and British Pound posted mild to moderate losses, and that may have kept further cocoa price gains in check. A slow start to the region's mid-crop harvest has led to tight near-term supplies in West Africa, and that has underpinned cocoa prices over the past few weeks.



The prospect that 2023/24 West African production will be negatively impacted by an El Nino weather event has also provided support to cocoa prices. There are reports that many of West Africa's newly-harvested mid-crop beans are smaller than normal, due in part to a lack of adequate fertilizer and pesticide use last year. As a result, this makes it unlikely that those beans will be of an acceptable quality for export and will further tighten near-term supply going into early June.

**TODAY'S MARKET IDEAS:**

Inflation remains high, and an updated reading on Euro zone CPI could put early pressure on the cocoa market. With the market on-track for a second sizable global production deficit in a row, cocoa prices should be well supported on a correction. Near-term resistance for July cocoa is at the 2997 to 3009 zone, with key support back at 2904 and 2882.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**COCOA TECHNICAL OUTLOOK:**

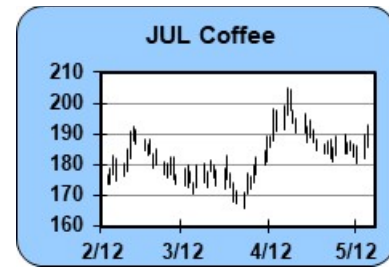
Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data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

COCOA (JUL) 05/17/2023: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. 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 upside target is 3027. The next area of resistance is around 3012 and 3027, while 1st support hits today at 2978 and below there at 2959.

**DAILY COFFEE COMMENTARY**  
5/17/2023

## Tightening supply, especially from Central America may support

The coffee market was unable to sustain an upside breakout of its May consolidation zone. Coffee should hold its ground above last week's lows due to recent bullish supply/demand developments. A sizable pullback in the Brazilian currency weighed on coffee prices as that may encourage Brazil's producers to aggressively market their coffee supplies to foreign customers. Global risk sentiment remains subdued which may weaken out-of-home demand prospects and keep pressure on coffee prices this week.



Arabica prices are finding carryover support from the Robusta market, where prices reached 12-year highs due in part to very tight near-term supplies in Vietnam. Brazil's Robusta harvest is underway, but it may be some time for that coffee to reach the global export market. ICE exchange coffee stocks fell by 3,680 bags on Tuesday and are now more than 41,000 below their April month-end total and more than 175,000 below their 2022 year-end total.

### TODAY'S MARKET IDEAS:

With ICE exchange stocks continuing their 2023 decline, coffee should remain well supported on a near-term pullback. Near-term support for July coffee is at 182.75 and 180.60, with resistance at 189.90 and 192.75.

### 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.

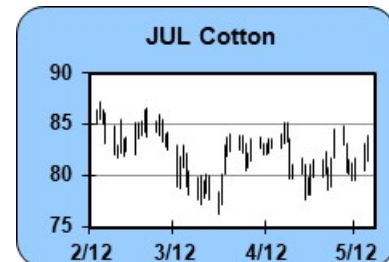
COFFEE (JUL) 05/17/2023: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The intermediate trend has turned down with the cross over back below the 18-day moving average. The daily closing price reversal down is a negative indicator for prices. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside objective is at 195.45. The next area of resistance is around 190.50 and 195.45, while 1st support hits today at 183.10 and below there at 180.65.

## DAILY COTTON COMMENTARY

5/17/2023

### Choppy to higher trend continues with positive USDA

The cotton market has been on a positive track since the USDA supply/demand report was released on Friday. The report came in at the bullish end of trade expectations, with 2023/24 US ending stocks coming in at 3.30 million versus 4.18 million expected and 2022/23 ending stocks revised down to 3.50 million from 4.10 million in April. July and December cotton closed higher for the third session in a row yesterday on Tuesday. With managed money traders holding a net short position of almost 14,000 in the most recent Commitments of Trader contracts, the market was vulnerable to short covering.



On the other hand, US cotton plantings are off to a decent start, and there has been some improvement in the rain amounts for west Texas over the past few weeks. The 1-5-day forecast is slightly drier than last week, but the 6-10 and 8-14-day forecasts call for above normal chances of precipitation. Traders will be looking to the weekly Drought Monitor on Thursday to see if there is any improvement. Rains this week could be timely for newly

planted crops Indian monsoon rains are expected to be delayed slightly, which could cotton plantings. A potential El Nino event this summer could lower monsoon rainfall amounts as well.

**TODAY'S MARKET IDEAS:**

July cotton is approaching the upper end of a trading trading range that it has held since early March, with the May 8 high of 84.87 and the April 19 high of 85.23 being next resistance levels. December cotton faces resistance at 83.92 and 84.50.

**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) 05/17/2023: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's short-term trend is positive on the close above the 9-day moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 85.52. The next area of resistance is around 84.61 and 85.52, while 1st support hits today at 82.15 and below there at 80.59.

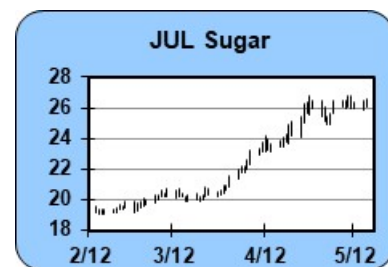
COTTON (DEC) 05/17/2023: The major trend could be turning up with the close back above the 60-day moving average. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 84.46. The next area of resistance is around 83.60 and 84.46, while 1st support hits today at 81.40 and below there at 80.07.

**DAILY SUGAR COMMENTARY**

**5/17/2023**

**Fund traders hold big net long and no new high since April 27**

Since a sharp 2-day rally to finish the first week of May, sugar prices have held within a coiling price pattern just below the late April high. With a negative shift in key outside markets along with lukewarm global risk sentiment, the sugar market remains vulnerable to a near-term pullback. A shift towards drier weather over Brazil's Center-South cane-growing region should help with their harvesting and crushing operations, and that has put pressure on the sugar market. In addition, a pullback in the Brazilian currency may encourage Brazil's Center-South mills to keep sugar's share of crushing ahead of last year's pace.



Energy prices have been unable to climb above last week's highs, and that has kept carryover pressure on the sugar market as it may weaken near-term ethanol demand prospects. The French Farm Ministry estimated their nation's 2023/24 sugar beet planted area at 380,000 hectares which would be 5.3% below last year and 11.8% below their 5-year average. This may be an early sign that EU 2023/24 sugar production will come in below this season's 16.15 million tonnes and reach an 8-year low.

**TODAY'S MARKET IDEAS:**

While EU production continues to decline, Brazilian production looks to have a sizable increase during the 2023/24 season. Unless energy prices rally and strengthen ethanol demand, sugar prices will have a difficult time

sustaining upside momentum. Near-term resistance for July sugar is at 26.26, with support at 25.17 and then 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:**

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) 05/17/2023: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. A negative signal for trend short-term was given on a close under the 9-bar moving average. The daily closing price reversal down puts the market on the defensive. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is now at 25.58. The next area of resistance is around 26.38 and 26.81, while 1st support hits today at 25.76 and below there at 25.58.

**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) 05/17/2023: Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. The market's short-term trend is positive on the close above the 9-day moving average. The close over the pivot swing is a somewhat positive setup. The near-term upside target is at 265.10. The next area of resistance is around 261.00 and 265.10, while 1st support hits today at 249.20 and below there at 241.45.

**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	26.07	57.88	62.23	73.96	70.71	26.15	26.15	25.85	23.46	22.59
CTAN23	83.38	59.51	55.94	50.65	58.18	81.48	81.85	80.89	81.21	81.79
CTAZ23	82.50	57.36	54.19	45.85	52.76	81.01	81.49	80.89	81.43	81.90
CCAN23	2995	60.23	59.70	69.86	70.77	2991.00	2975.56	2953.39	2887.51	2855.82
OJAN23	255.05	46.91	47.83	20.29	26.84	249.48	254.41	262.04	256.09	249.32
KCAN23	186.80	50.70	51.00	29.58	37.42	185.51	185.49	187.02	183.53	183.19
MAM23	16.33	24.42	27.43	11.76	10.94	16.56	16.82	17.07	17.85	18.02

Calculations based on previous session. Data collected 05/16/2023

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	25.57	25.76	26.19	26.38	26.81
CTAN23	Cotton	80.58	82.14	83.05	84.61	85.52
CTAZ23	Cotton	80.06	81.40	82.26	83.60	84.46
CCAN23	Cocoa	2959	2978	2993	3012	3027
OJAN23	Orange Juice	241.40	249.15	253.25	261.00	265.10
KCAN23	Coffee	180.65	183.10	188.05	190.50	195.45
MAM23	Milk	16.04	16.20	16.30	16.46	16.55

**Calculations based on previous session. Data collected 05/16/2023**  
**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.*