



DAILY SOFTS COMMENTARY

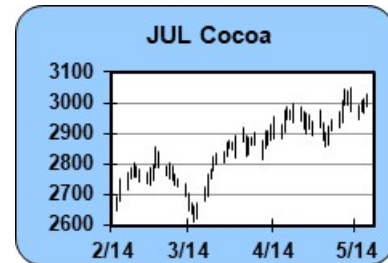
Friday May 19, 2023

DAILY COCOA COMMENTARY

5/19/2023

Risk on vibe; West Africa beans too small?

July cocoa recovered off its lows and extended Thursday's downside move overnight, but it quickly bounced off those levels and was higher on the day this morning. A generally positive global risk attitude helped turn the market around. The market has seen coiling action over the past 1-1/2 weeks after trading to new contract highs and putting in a key reversal on May 12. There are reports that West Africa's early harvested mid-crop cocoa beans are coming in smaller than normal, and this is raising concern that they may not be high enough quality for most export customers. Ivory Coast's full-season crop is running behind last season's pace, but the latest weekly port arrivals total was large, which suggests that harvesting, drying, and transporting of the mid-crop are reaching full speed. Sharp selloffs in the British Pound and Eurocurrency yesterday and overnight could put limit gains in cocoa on ideas it could negatively impact European demand.



TODAY'S MARKET IDEAS:

Global risk sentiment took a positive shift overnight, and that seems to be lending support to cocoa today. The market is still under the influence of the May 12 key reversal, but the overnight shift in tone may set it up for a run a yesterday's high at 3030 in the July contract. Look for support at 2948, with resistance at 3030.

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.

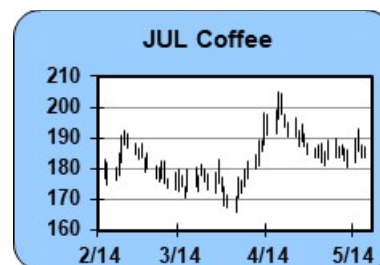
COCOA (JUL) 05/19/2023: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. A negative signal for trend short-term was given on a close under the 9-bar moving average. The downside closing price reversal on the daily chart is somewhat negative. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside target is at 3044. The next area of resistance is around 3013 and 3044, while 1st support hits today at 2969 and below there at 2955.

DAILY COFFEE COMMENTARY

5/19/2023

Robusta rally offers carryover support to Arabica coffee.

July coffee broke out of a two-day consolidation overnight and traded back up inside Tuesday's wide range. A bit of optimism regarding a US debt limit deal has contributed to a risk-on mood. The Brazilian government agency Conab reduced its forecast for that nation's 2023/24 overall coffee production by 200,000 bags to 54.7 million. They increased the Arabica estimate by 500,000 bags to 37.9 million, due in part to more favorable growing conditions in the top-producing state of Minas Gerais, but they cut the Robusta forecast by 700,000 bags due to below average rainfall early in the season. Robusta prices remain close to 12-year highs, which is also due to very tight Vietnamese supplies, and that strength has carried over to New York (Arabica) futures this week. ICE exchange coffee stocks fell 4,454 bags on Thursday to their lowest levels since December. A dry weather forecast for Brazil's coffee areas over the next 6-10 days should help advance the harvest.



TODAY'S MARKET IDEAS:

Out of home demand has been improving, and it could get an additional boost from the rebound in global risk sentiment. With Colombia's production showing few signs of improvement recently, coffee may regain upside momentum. Look for support in July coffee at 183.50 with resistance at 192.75. Look to buy a July Coffee 185.00/200.00 bull call spread at 5.25 or better.

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.

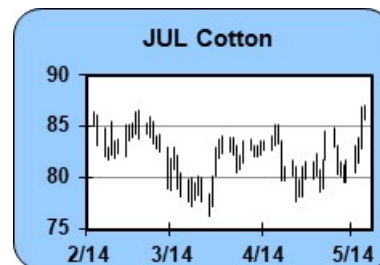
COFFEE (JUL) 05/19/2023: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. The upside daily closing price reversal gives the market a bullish tilt. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 189.56. The next area of resistance is around 188.47 and 189.56, while 1st support hits today at 184.83 and below there at 182.27.

DAILY COTTON COMMENTARY

5/19/2023

Holding its own against rain in Texas and export setback

July cotton trade was choppy overnight but was holding inside the upper part of Wednesday's breakout range. The market sold off a bit in the wake of the USDA export sales report on Thursday but worked higher from there as the session progressed. The report showed US cotton export sales for the week ending May 11 at 132,443 tonnes for the 2022/23 marketing year and 28,077 for 2023/24 for a total of 160,520. This was down from 259,577 the previous week and was the first time that sales were below 200,000 bales since April 13. Cumulative sales for 2022/23 have reached 12.632 million bales, down from 14.862 million a year ago and the lowest for this point in the marketing year since 2015/16. Sales have reached 106% of the USDA forecast for the marketing year versus a five-year average of 107% for this point in the season. China



was the largest buyer at 61,971 bales, followed by Vietnam at 23,994. China also has the most commitments for 2022/23 at 2.933 million bales, followed by Pakistan at 2.058 million.

Bangladesh has lifted a requirement to fumigate cotton imports from the US, eliminating what has been viewed as a significant export barrier.

So far this marketing year, Bangladesh has been the sixth-largest buyer of US cotton at 826,700 bales.

The weekly US Drought Monitor showed some improvement in west Texas in the past week, with areas of "extreme" drought (D3) shrinking and turning into "severe" drought (D2). A good portion of Western Oklahoma and the Panhandle remain under extreme to "exceptional" drought (D4). The 1-5-day forecast call for rains of 1-2 inches across Oklahoma and the Panhandle with 0.25-0.75 inches in west Texas. The 6-10 and 8-14-day forecasts show above normal chances of rain in both regions.

TODAY'S MARKET IDEAS:

The bulls may be encouraged by the fact that the cotton market experienced only moderate losses in the face of disappointing export sales and improving conditions in west Texas. The next upside target July cotton comes in at 90.79, with initial resistance levels at 87.50 and 89.59. Support comes in at 86.00 and 83.97. Look for resistance in December cotton at 84.50, with support at 81.70 and 81.18.

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) 05/19/2023: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 88.06. The next area of resistance is around 87.43 and 88.06, while 1st support hits today at 85.89 and below there at 84.99.

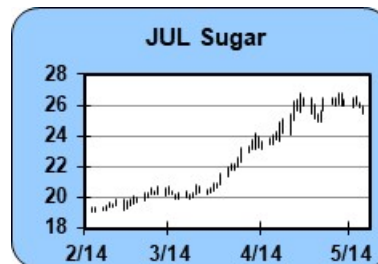
COTTON (DEC) 05/19/2023: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The close above the 9-day moving average is a positive short-term indicator for trend. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 84.64. The next area of resistance is around 84.29 and 84.64, while 1st support hits today at 83.15 and below there at 82.35.

DAILY SUGAR COMMENTARY

5/19/2023

Higher crude oil lends support but Brazil harvest could limit.

July sugar was higher overnight, recovering most of Thursday's losses. Strength in energy and a generally positive risk vibe were lending some support. The recovery in energy prices is welcome after the steep selloff earlier in the month. The Brazilian currency is up slightly this morning, which reduces pressure on producers to sell their product. The Petrobras gasoline pricing policy change this week could encourage Center-South mills to keep sugar's share of this season's crushing ahead of last season's levels. Dry weather over Brazil's Center-South cane-growing regions will help speed up harvesting and crushing



operations. This has weighed on prices this week, and these conditions are expected to continue over the next week or two. India is unlikely to allow any further sugar exports this season beyond the 6.15 million tonnes in their first export tranche. While Thailand production estimates were dialed back late this season, their 2022/23 sugar exports should still come in around 9 million tonnes.

TODAY'S MARKET IDEAS:

A positive shift in global risk sentiment and a modest recovery in energy and the Brazilian Real have given a boost the sugar market overnight, and this could put the market in a strong position to end the week. However, Brazilian harvest pressure could limit gains, and the large net long held by the funds could make the market susceptible to heavy selling on a break. Look for resistance in July sugar at 26.02 with support at 25.12.

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) 05/19/2023: Momentum studies trending lower at mid-range should accelerate a move lower 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 now at 25.16. The next area of resistance is around 25.86 and 26.17, while 1st support hits today at 25.36 and below there at 25.16.

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) 05/19/2023: Positive momentum studies in the neutral zone will tend to reinforce higher price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. The close over the pivot swing is a somewhat positive setup. The next upside objective is 256.65. The next area of resistance is around 254.85 and 256.65, while 1st support hits today at 251.45 and below there at 249.80.

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	25.61	48.78	56.07	66.94	58.05	25.97	26.12	25.96	23.72	22.80
CTAN23	86.66	68.51	63.04	65.93	81.16	84.84	82.73	81.60	81.47	81.93
CTAZ23	83.72	62.29	57.88	61.28	77.32	82.97	81.82	81.22	81.52	81.96
CCAN23	2991	58.13	58.53	70.82	71.28	2991.50	2992.67	2955.72	2903.22	2863.10
OJAN23	253.15	45.07	46.46	27.03	33.83	252.78	250.89	259.77	256.92	250.26
KCAN23	186.65	50.50	50.83	35.98	42.27	187.23	185.68	186.34	184.11	183.07
MAM23	15.92	18.26	22.74	10.70	8.31	16.25	16.62	16.88	17.74	17.92

Calculations based on previous session. Data collected 05/18/2023

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	25.15	25.35	25.66	25.86	26.17
CTAN23	Cotton	84.98	85.89	86.52	87.43	88.06
CTAZ23	Cotton	82.34	83.14	83.49	84.29	84.64
CCAN23	Cocoa	2954	2968	2999	3013	3044
OJAN23	Orange Juice	249.75	251.40	253.20	254.85	256.65
KCAN23	Coffee	182.26	184.82	185.91	188.47	189.56
MAM23	Milk	15.55	15.68	16.02	16.15	16.49

Calculations based on previous session. Data collected 05/18/2023

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.*