



DAILY SOFTS COMMENTARY
Monday May 22, 2023

DAILY COCOA COMMENTARY
5/22/2023

Upside break-out and has fundamentals for more up

Cocoa prices were able to regain and sustain upside momentum going into the weekend. While prices at multi-year highs leave the market vulnerable to profit-taking, cocoa continues to receive bullish supply/demand developments that are fueling this month's upside move. For the week, July cocoa finished with a gain of 82 points (up 2.7%) which was a second positive weekly result in a row. A slower than expected start to the region's mid-crop harvest has led to tight near-term West African supplies which have underpinned cocoa prices this month. Many of those newly-harvested mid-crop beans are too small and are not of sufficient quality to be acceptable for exporters, and that has further tightened West African exportable supply.



Ghana is expected to have their 2022/23 production come in above last season's total, but it will finish well below their recent output levels. In addition, a rebound in the Eurocurrency and British Pound provided carryover support to the cocoa market going into the weekend as that should help European grinders with acquiring near-term supplies. Cocoa positioning in the Commitments of Traders for the week ending May 16th showed Managed Money traders are net long 51,983 contracts after net buying 980 contracts. Non-Commercial & Non-Reportable traders added 1,585 contracts to their already long position and are now net long 63,306.

TODAY'S MARKET IDEAS:

The technical action is impressive and the market seems to have the fundamentals to remain in an uptrend. With a bullish supply/demand outlook, pullbacks provide a fresh opportunity to approach the long side of the market. Near-term support for July cocoa is at 3028, with 3112 and 3134 as next upside targets.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/9/2023 - 5/16/2023						
	Non-Commercial		Commercial	Non-Reportable		
	Net Position	Weekly Net Change		Net Position	Weekly Net Change	
Softs						
Cocoa	58,267	+1,087	-63,307	-1,586	5,039	+498

COCOA TECHNICAL OUTLOOK:

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COCOA (JUL) 05/22/2023: Momentum studies are trending higher but have entered overbought levels. The market's close above the 9-day moving average suggests the short-term trend remains positive. The outside day up is somewhat positive. There could be more upside follow through since the market closed above the 2nd swing

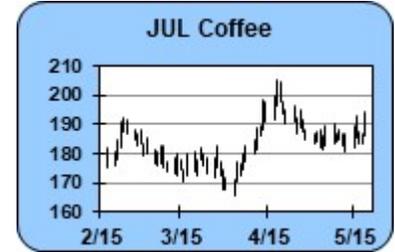
resistance. The near-term upside objective is at 3148. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 3119 and 3148, while 1st support hits today at 3017 and below there at 2943.

DAILY COFFEE COMMENTARY

5/22/2023

Close over 195.60 for July coffee would turn charts bullish

The market experienced an impressive break-out up on Friday and looks poised for more buying. While Brazil appears to be heading for larger production this season, a rebound in coffee's demand outlook can help the market maintain upside momentum. For the week, July coffee finished with a gain of 9.15 cents (up 5.0%) which was a second positive weekly result over the past 3 weeks. ICE exchange coffee stocks were unchanged on Friday, but they remain at their lowest level since December. It has been more than a month since any coffee went through the exchange grading process, which indicates a further decline in stocks that has underpinned coffee prices over the past few weeks. In addition, tight global supplies of Robusta coffee have provided carryover support to the New York coffee market.



The USDA's Foreign Agricultural Service forecast Colombia's 2023/24 coffee production will come in at 11.6 million bags. While this would be a 3% increase from this season's output, Colombia's coffee production remains well below levels seen during the 2019/20 and 2020/21 seasons as it continues to recover from the impact of back-to-back La Nina weather events during the past 3 years. The Commitments of Traders report for the week ending May 16th showed Coffee Managed Money traders are net long 27,327 contracts after net buying 893 contracts. Non-Commercial & Non-Reportable traders added 1,134 contracts to their already long position and are now net long 30,555.

TODAY'S MARKET IDEAS:

Out-of-home consumption is showing signs of improvement while it may take several months for Brazil's Robusta coffee to relieve tight near-term supplies. Near-term support for July coffee is at 189.90, with resistance at 195.60 and then 201.20.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/9/2023 - 5/16/2023							
	Non-Commercial		Net Position	Commercial		Non-Reportable	
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	Weekly Net Change	
Softs							
Coffee	29,377	+930	-30,555	-1,135	1,178	+204	

COFFEE TECHNICAL OUTLOOK:

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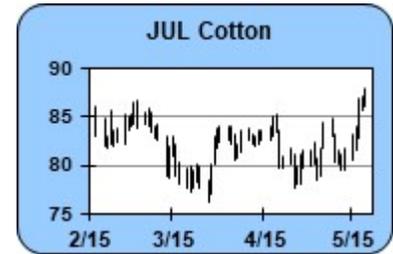
COFFEE (JUL) 05/22/2023: A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The market's close above the 2nd swing resistance number is a bullish indication. The near-term upside target is at 199.35. The next area of resistance is around 196.10 and 199.35, while 1st support hits today at 187.90 and below there at 182.95.

DAILY COTTON COMMENTARY

5/22/2023

Improved weather and some demand uncertainties; correct down

July cotton closed moderately higher on the session Friday but well off the highs of the day. Earlier in the session the market had traded to its highest level since February 7. The market closed 6.19 higher for the week. The market drew some support from a weaker dollar and stronger equity and energy markets earlier in the session, but that support faded when it was learned that members of the House and representatives of the Biden Administration had paused their talks regarding a debt limit deal on Friday. The market seemed to defy indications of gradually improving soil moisture conditions in west Texas last week, with the weekly Drought Monitor showing areas moving from "extreme" to "severe" drought.



Friday's Commitments of Traders report showed managed money traders were net buyers of 1,078 contracts of cotton for the week ending May 16, reducing their net short to 12,764. Non-commercial & non-reportable traders were net buyers of 246, increasing their net long to 2,679. There is still some rain for the Texas Panhandle region for the next five days, and the 6-10 day forecast model shows near normal temperatures and above normal precipitation for northern and western Texas.

TODAY'S MARKET IDEAS:

In addition, the 8-14 day forecast models show above normal precipitation. July cotton managed to trade close to initial key resistance at 88.09, and the market looks vulnerable for a correction back to 84.05. December cotton hit key resistance at 84.11, and looks poised for a correction back to support at 82.12 and 81.45.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/9/2023 - 5/16/2023						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Cotton	1,983	+82	-2,679	-246	696	+164

COTTON TECHNICAL OUTLOOK:

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COTTON (JUL) 05/22/2023: Momentum studies are trending higher but have entered overbought levels. 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 next upside target is 88.73. The next area of resistance is around 87.64 and 88.73, while 1st support hits today at 85.80 and below there at 85.04.

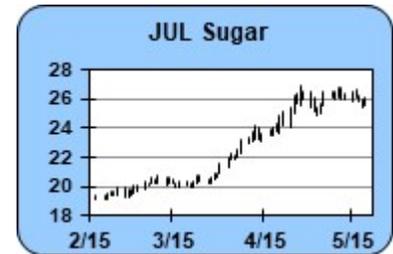
COTTON (DEC) 05/22/2023: Rising stochastics at overbought levels warrant some caution for bulls. The market's close above the 9-day moving average suggests the short-term trend remains positive. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 84.84. The next area of resistance is around 84.39 and 84.84, while 1st support hits today at 83.39 and below there at 82.85.

DAILY SUGAR COMMENTARY

5/22/2023

With funds net long 214,939 contracts, sellers could get active

While sugar was able to put the brakes on a potential downside breakout move, the market will start this week well below its multi-year high from late April. Unless it can find fresh support from key outside markets, sugar may resume at least a downside correction. For the week, July sugar finished with a loss of 44 ticks (down 1.7%) which was a third negative weekly result in a row. An early rebound in energy prices provided carryover support as that would provide a boost to ethanol demand following the Petrobras gasoline pricing change last week. In addition, weather over Brazil's major cane-growing region should help to speed up this year's harvesting and crushing operations.



While there has been talk that Brazilian port delays will limit sugar exports until July, Center-South mills have kept sugar's share of crushing ahead of last year's pace over the past 1 1/2 months. German sugar beet planted area is expected to have a mild increase this year, but that will not be enough for 2023/24 EU sugar production to avoid a decline from this season's output total. Sugar positioning in the Commitments of Traders for the week ending May 16th showed Managed Money traders are net long 214,939 contracts after net buying 3,070 contracts. Non-Commercial & Non-Reportable traders were net long 286,303 contracts after increasing their already long position by 1,107 contracts.

TODAY'S MARKET IDEAS:

India's export limit and Brazilian port delays may keep near-term supply relatively tight, but the market has been unable to extend its 2023 rally over the past few weeks. If energy prices continue to slide, the sugar market is likely to turn back to the downside. Near-term resistance for July sugar is at 26.09, with support at 24.17 and 23.35.

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 - 5/9/2023 - 5/16/2023						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Sugar	234,716	+3,173	-286,304	-1,108	51,587	-2,066

SUGAR TECHNICAL OUTLOOK:

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SUGAR (JUL) 05/22/2023: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. A negative signal for trend short-term was given on a close under the 9-bar moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is 25.31. The next area of resistance is around 26.03 and 26.31, while 1st support hits today at 25.53 and below there at 25.31.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (JUL) 05/22/2023: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The market's close above the 2nd swing resistance number is a bullish indication. The next upside objective is 263.60. The next area of resistance is around 261.40 and 263.60, while 1st support hits today at 255.05 and below there at 250.85.

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	25.78	52.04	57.78	62.97	55.03	25.84	26.08	25.95	23.84	22.90
CTAN23	86.72	68.68	63.17	71.69	83.21	85.93	83.11	82.05	81.63	82.00
CTAZ23	83.89	63.09	58.45	68.39	82.61	83.50	81.92	81.48	81.60	81.99
CCAN23	3068	72.03	67.50	74.13	80.76	3013.50	3005.33	2963.50	2911.96	2868.15
OJAN23	258.15	52.44	51.16	31.73	41.13	254.60	250.70	258.57	257.52	250.74
KCAN23	192.00	61.16	57.44	42.64	55.97	187.88	186.58	186.54	184.41	183.14
MAM23	16.05	25.50	27.32	10.28	9.43	16.16	16.51	16.82	17.68	17.88

Calculations based on previous session. Data collected 05/19/2023

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	25.31	25.53	25.81	26.03	26.31
CTAN23	Cotton	85.03	85.79	86.88	87.64	88.73
CTAZ23	Cotton	82.84	83.39	83.84	84.39	84.84
CCAN23	Cocoa	2942	3016	3045	3119	3148
OJAN23	Orange Juice	250.80	255.00	257.20	261.40	263.60
KCAN23	Coffee	182.95	187.90	191.15	196.10	199.35
MAM23	Milk	15.83	15.96	16.03	16.16	16.23

Calculations based on previous session. Data collected 05/19/2023

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