



## DAILY SOFTS COMMENTARY

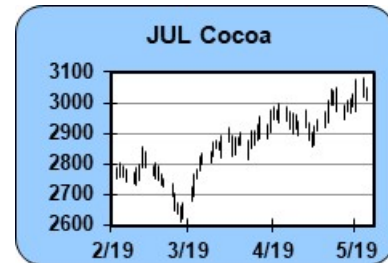
Wednesday May 24, 2023

### DAILY COCOA COMMENTARY

5/24/2023

#### Has the supply fundamentals for more up

Cocoa saw little upside follow-through from last Friday's outside-day higher close as near-term demand concerns remain a source of headwinds for the market. The supply side outlook remains bullish, however, and that should help cocoa remain well supported on pullbacks. The likelihood that an El Nino weather event later this year will have a negative impact on West's Africa's 2023/24 cocoa production may provide underlying support. However, lukewarm global risk sentiment early this week has weakened the demand outlook for discretionary items such as chocolate.



In addition, daily rainfall in the forecasts for West African growing areas through the end of May weighed on cocoa prices as that should improve the prospects for late harvested mid-crop beans. The latest weekly Ivory Coast port arrivals total came in above the comparable last year, which indicates that their mid-crop harvesting has picked up speed in recent weeks. However, the Ivory Coast full season arrivals total remains well behind last season's pace, and that increases the chances for a second sizable global production deficit in a row.

#### TODAY'S MARKET IDEAS:

If El Nino starts up during the third quarter, it would bring drier than normal conditions to West African growing areas. This could set the start for a third sizable global production deficit in a row, and that can help to underpin prices. Near-term support for July cocoa is at 2994 and 2968, with resistance at 3043 and 3079.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

None.

#### COCOA TECHNICAL OUTLOOK:

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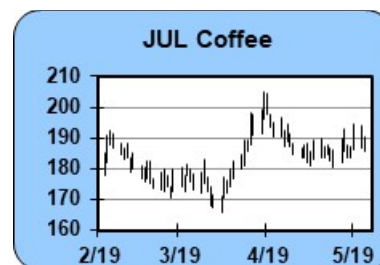
COCOA (JUL) 05/24/2023: Rising stochastics at overbought levels warrant some caution for bulls. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside objective is at 3062. The next area of resistance is around 3036 and 3062, while 1st support hits today at 2996 and below there at 2983.

### DAILY COFFEE COMMENTARY

5/24/2023

## Choppy and consolidation trade continues; up soon

Coffee prices continue to see coiling action that has kept the market from breaking out of its recent consolidation zone. Recent supply/demand news has been supportive, however, and that should help the coffee market hold its ground above the 50-day and 200-day moving averages. Tight near-term Robusta supplies continue to provide carryover support to the New York coffee market, as Vietnamese near-term stocks have been nearly depleted, while Brazil's newly harvested Robusta crop will not see sizable exports until the third quarter.



The USDA forecast Indonesia's 2023/24 Robusta production at 8.4 million bags, which would be a 20% decline from this season due to heavy rainfall. This should result in Indonesia's 2023/24 exports falling by 32% from this season, which will also impact global Robusta supply through year-end. Brazil's 2023/24 Arabica harvest is starting to speed up after a slow start, and that put pressure on the coffee market later in the day. ICE exchange coffee stocks fell by 2,513 bags on Monday and have reached their lowest levels of 2023 so far.

### TODAY'S MARKET IDEAS:

While Brazil and Colombia are expected to have mild production increase during the 2023/24 season, demand should improve as inflation levels continue to decline. Coffee prices may see supply/demand support to regain upside momentum ahead. Near-term support for July coffee is at 185.75, with resistance at 192.75 and 195.60.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### COFFEE TECHNICAL OUTLOOK:

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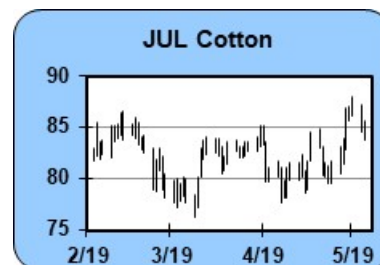
COFFEE (JUL) 05/24/2023: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside objective is 192.32. The next area of resistance is around 189.75 and 192.32, while 1st support hits today at 185.15 and below there at 183.13.

## DAILY COTTON COMMENTARY

5/24/2023

## Improving weather forecast; 1-2 inches of rain W Texas

The short-term selling pressure may continue as the market absorbs a major shift in the weather for West Texas. The market has received better rains recently, and the forecast for the next two weeks shows more rain. The more normal soil conditions might help improve the outlook for Texas crop production. A rally in the US dollar has added to the negative tone. Talk of recent firmness in energy prices may provide support.



### TODAY'S MARKET IDEAS:

The forecast for the next five days shows near 1-2 inches of rain for key growing areas of Texas. The 6-10 day and the 8-14 day forecast models show above normal precipitation as well. This is a bearish weather forecast. Resistance for July cotton moves down to 85.43, with 82.30 and 80.04 as support.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**COTTON TECHNICAL OUTLOOK:**

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COTTON (JUL) 05/24/2023: A bearish signal was triggered on a crossover down in the daily stochastics. Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. 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 lower than the pivot swing number. The next downside objective is now at 82.76. The next area of resistance is around 85.25 and 86.35, while 1st support hits today at 83.45 and below there at 82.76.

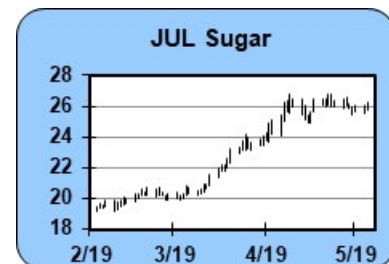
COTTON (DEC) 05/24/2023: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. A positive signal for trend short-term was given on a close over the 9-bar moving average. The close below the 1st swing support could weigh on the market. The near-term upside objective is at 84.05. The next area of resistance is around 83.10 and 84.05, while 1st support hits today at 81.78 and below there at 81.40.

**DAILY SUGAR COMMENTARY**

5/24/2023

**Long liquidation threat continues; more selling ahead**

Sugar prices were able to benefit from bullish supply news and a rebound in key outside markets, but the market remains well below their recent highs. The International Sugar Organization (ISO) downwardly revised their 2022/23 global production surplus forecast from 4.15 million down to 854,000 tonnes, due in large part to a reduction in global production from 180.4 million down to 177.4 million tonnes. The ISO had sizable cuts to 2022/23 production for India (down 1.5 million tonnes), Thailand (down 1.32 million) and China (down 840,000) while they increased Brazil's 2022/23 production by 950,000 tonnes. The EU's MARS agency said that heavy spring rain will delay sugar beet planting in several EU nations.



Crude oil and RBOB gasoline were able to regain strength after the weekend, and that provided carryover support to the sugar market as it may help to improve ethanol demand. The Brazilian currency put together a moderate rebound that should ease pressure on Brazilian mills to produce sugar for export. Recent production issues in India, Thailand and China have been a front-and-center issue for the market since the start of this year, so the ISO's production forecast updates may not provide much more additional support.

**TODAY'S MARKET IDEAS:**

Brazil's Center-South cane harvest is well ahead of last year's pace, and that may continue to pressure the sugar market. Near-term resistance for July sugar is at 25.85 and 26.09, with support at 25.08 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) 05/24/2023: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The market could take on a defensive posture with the daily closing price reversal down. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is now at 25.46. The next area of resistance is around 26.03 and 26.35, while 1st support hits today at 25.59 and below there at 25.46.

## OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (JUL) 05/24/2023: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's short-term trend is positive on the close above the 9-day moving average. Follow through buying looks likely if the market can hold yesterday's gap on the day session chart. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside objective is 300.75. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 295.75 and 300.75, while 1st support hits today at 277.85 and below there at 265.00.

## 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	25.81	51.88	57.25	58.49	53.84	25.80	25.97	25.93	24.10	23.12
CTAN23	84.35	54.80	54.73	73.62	72.53	85.76	83.99	82.66	81.93	81.99
CTAZ23	82.44	51.60	51.78	74.36	76.64	83.36	82.37	81.81	81.76	81.94
CCAN23	3016	57.33	58.24	75.74	75.97	3024.50	3006.89	2972.67	2924.44	2877.15
OJAN23	286.80	75.28	68.76	50.91	73.23	266.59	257.36	259.62	259.51	252.09
KCAN23	187.45	50.30	50.98	50.29	55.26	188.83	187.04	186.37	184.93	183.24
MAM23	16.55	45.58	40.98	17.21	26.86	16.21	16.38	16.72	17.58	17.80

Calculations based on previous session. Data collected 05/23/2023

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	25.45	25.58	25.90	26.03	26.35
CTAN23	Cotton	82.75	83.45	84.55	85.25	86.35
CTAZ23	Cotton	81.39	81.77	82.72	83.10	84.05
CCAN23	Cocoa	2982	2996	3022	3036	3062
OJAN23	Orange Juice	264.95	277.80	282.85	295.75	300.75
KCAN23	Coffee	183.12	185.15	187.72	189.75	192.32
MAM23	Milk	16.06	16.31	16.54	16.79	17.02

Calculations based on previous session. Data collected 05/23/2023

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