



DAILY SOFTS COMMENTARY

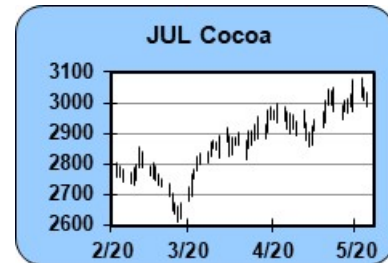
Thursday May 25, 2023

DAILY COCOA COMMENTARY

5/25/2023

Steady uptrend continues with tightening supply fears

While cocoa prices have posted three negative daily results in a row, they continue to hold above last week's lows as this week's pullback has been met with buying support. With the market receiving fresh bullish supply news, cocoa may be able to regain and sustain upside momentum. A negative tone to global risk sentiment continued to weigh on cocoa prices as that is likely to weaken near-term demand prospects. In addition, the Eurocurrency and British Pound reached new 2-month lows which put carryover pressure on the cocoa market.



A report that Nigeria's April exports were more than 20% below last year and more than 46% below their March export total provided a late boost to cocoa prices. This would indicate that Nigeria's mid-crop production will come in well below last year's total, which strengthens the case for the 2022/23 season to have a sizable global production deficit. There is daily rainfall in the forecast for West African growing areas through early June which may cause fresh delays to harvesting and drying mid-crop cocoa beans.

TODAY'S MARKET IDEAS:

With El Nino likely to start during the third quarter, there is a strong chance for a third straight global production deficit during the 2023/24 season. Global demand continues to have a bullish longer-term outlook, and that should help cocoa prices to remain well supported. Near-term support for July cocoa is at 2994 and 2968, with 3079 and 3102 as next resistance.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

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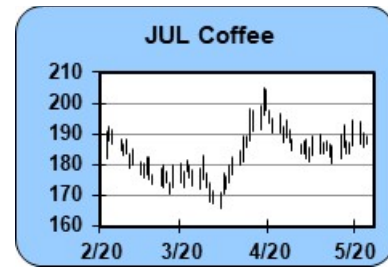
COCOA (JUL) 05/25/2023: A crossover down in the daily stochastics is a bearish signal. Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The close above the 9-day moving average is a positive short-term indicator for trend. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is 2961. The next area of resistance is around 3034 and 3058, while 1st support hits today at 2986 and below there at 2961.

DAILY COFFEE COMMENTARY

5/25/2023

Consolidation trade continues as minor resistance holds

Coffee's coiling price action has started to tighten, which may set the market up for a breakout move from its consolidation zone. While near-term demand prospects and Brazil's upcoming production remain uncertain, coffee has received bullish supply developments that can help lift prices. A "risk off" mood among many global markets was a notable source of pressure on the coffee market, as that could have a dampening effect on restaurant and retail shop consumption. The USDA forecast Vietnam's 2022/23 coffee production (which is mostly Robusta) at 29.75 million bags, which is a 6% decline from last season's output, and they also said that Vietnam's coffee stocks have fallen sharply. London Robusta prices reached a new 15-year high this week due in large part to tight Vietnamese supply this year, and that continues to provide carryover support to New York Arabica coffee prices. ICE exchange stocks were unchanged on Wednesday and remain at their lowest levels since December.



TODAY'S MARKET IDEAS:

Brazil's Arabica harvest has had a slow start and may not see sizable coffee exports until the third quarter. With ICE exchange coffee stocks at their lowest levels of the year, the market should remain well supported. Near-term support for July coffee is at 183.70, with resistance at 192.75 and 195.60.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COFFEE TECHNICAL OUTLOOK:

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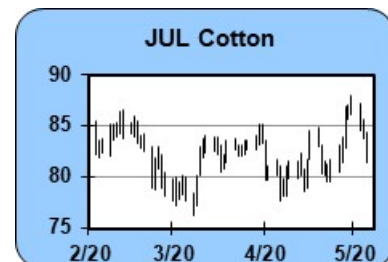
COFFEE (JUL) 05/25/2023: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 190.80. The next area of resistance is around 189.40 and 190.80, while 1st support hits today at 186.60 and below there at 185.20.

DAILY COTTON COMMENTARY

5/25/2023

More rain for W Texas may help improve soil conditions

The market remains in a short-term downtrend. July cotton closed sharply lower on the session yesterday and back under the 100-day moving average as traders see demand struggling, and traders also see improving weather for the new crop season. The market has closed lower for three sessions in a row and closed under the 50% mark of the March 24 to May 19 rally.



The very strong US dollar and a break in the stock market were seen as bearish forces. The market failed to find much support from the higher energy prices as the short-term weather carries a bearish tilt. There is still 1-2 inches of rain in the forecast for West Texas for the 5-day forecast models. In addition, the 6-10 day and the 8-14 day forecast models call for above normal precipitation for Texas and the Delta.

TODAY'S MARKET IDEAS:

Close in resistance for July cotton is at 83.83, with 80.79 and 78.43 as next support. December cotton resistance is at 81.41, and a close under 80.21 would leave 77.56 as next target.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

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COTTON (JUL) 05/25/2023: The close under the 60-day moving average indicates the longer-term trend could be turning down. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is 79.31. The next area of resistance is around 83.22 and 85.31, while 1st support hits today at 80.22 and below there at 79.31.

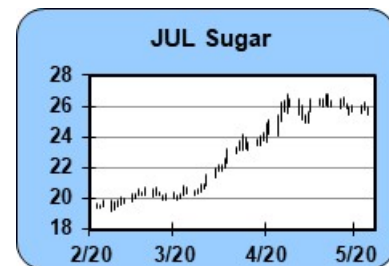
COTTON (DEC) 05/25/2023: The close below the 60-day moving average is an indication the longer-term trend has turned down. The daily stochastics have crossed over down which is a bearish indication. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The close below the 2nd swing support number puts the market on the defensive. The next downside target is 78.25. The next area of resistance is around 81.55 and 83.32, while 1st support hits today at 79.01 and below there at 78.25.

DAILY SUGAR COMMENTARY

5/25/2023

Not much support until 24.17 as liquidation threat continues

Sugar's coiling price action over the past 2 weeks has resulted in a more than 1.10 cent pullback (down 4.4%) as the market has shifted focus from south Asia towards Brazil. With a key Brazilian supply gauge coming out at midsession, sugar prices may remain on the defensive. Continued strength in crude oil and RBOB gasoline prices has failed to provide sugar with much support. The latest Unica Center-South supply report will be released today, which may have fueled profit-taking and long liquidation. The last 3 Unica reports (covering late March, early April and late April) have shown Center-South sugar production well above last year's comparable total while sugar's share of crushing has been consistently higher than last year's levels.



There are trade forecasts expected for today's report (which covers the first half of May) to show Center-South sugar production to come in roughly 30% above last year's total, due in part to drier weather allowing for cane harvesting and crushing to return to full speed. The Brazilian firm Raizen forecast global ethanol demand will increase 75% from 2022 levels by 2035.

TODAY'S MARKET IDEAS:

The sugar market may take direction from the tone of the first half May Unica report. If Center-South sugar production remains strong, it could send prices down towards a retest of their early May low. Near-term resistance for July sugar is at 25.59, with support at 24.88 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) 05/25/2023: Declining momentum studies in the neutral zone will tend to reinforce lower price action. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market setup is somewhat negative with the close under the 1st swing support. The next downside target is now at 25.13. The next area of resistance is around 25.72 and 26.06, while 1st support hits today at 25.26 and below there at 25.13.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (JUL) 05/25/2023: A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. 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 target is 307.60. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 302.35 and 307.60, while 1st support hits today at 285.45 and below there at 273.75.

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	25.49	45.29	52.86	52.60	40.82	25.77	25.91	25.88	24.22	23.22
CTAN23	81.72	43.15	46.90	68.23	57.46	84.53	84.22	82.71	82.00	81.95
CTAZ23	80.28	39.16	43.59	68.84	57.81	82.50	82.45	81.77	81.78	81.88
CCAN23	3010	55.70	57.20	74.19	71.10	3029.25	3007.67	2976.72	2929.56	2880.85
OJAN23	293.90	78.31	71.57	61.61	83.00	276.78	262.33	261.03	260.90	252.97
KCAN23	188.00	51.56	51.72	51.76	54.71	189.16	187.60	186.48	185.13	183.29
MAM23	16.37	40.76	38.04	21.21	29.21	16.33	16.32	16.67	17.53	17.77

Calculations based on previous session. Data collected 05/24/2023

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	25.12	25.25	25.59	25.72	26.06
CTAN23	Cotton	79.31	80.22	82.31	83.22	85.31
CTAZ23	Cotton	78.24	79.00	80.78	81.55	83.32
CCAN23	Cocoa	2960	2985	3009	3034	3058
OJAN23	Orange Juice	273.70	285.40	290.65	302.35	307.60
KCAN23	Coffee	185.20	186.60	188.00	189.40	190.80
MAM23	Milk	15.91	16.06	16.50	16.66	17.10

Calculations based on previous session. Data collected 05/24/2023

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