

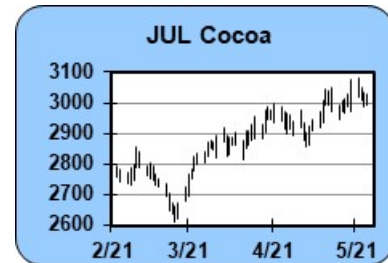


## DAILY SOFTS COMMENTARY Friday May 26, 2023

### DAILY COCOA COMMENTARY 5/26/2023

#### Gradual uptrend continues on supply fears IF El Nino

Cocoa prices have been resilient in the face of lukewarm global risk sentiment. Cocoa may be able to benefit from improved risk appetites. Continued weakness in the Eurocurrency and British Pound put carryover pressure on cocoa prices. While European equities extended their pullback, a rebound in US stock markets following signs of debt limit deal progress helped to soothe near-term cocoa demand concerns. A slow start to the midcrop harvest has kept near-term West African supply fairly tight, and that provided underlying support to the cocoa market.



Extended periods of wet weather may provide some benefit for the region's late-harvested midcrop beans, but may cause some delays with recently harvested beans arriving at port facilities. While the International Cocoa Organization has forecast global production to have a 4% increase this season, that would be 4% below the record high global production total from the 2020/21 season.

#### **TODAY'S MARKET IDEAS:**

Going into a 3-weekend and with volatile global risk sentiment and a likely negative weekly key reversal, it may not take much bearish news to trigger a wave of profit-taking. Near-term support for July cocoa is at 2994 and 2968, with 3074 and 3113 as next resistance.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

None.

#### **COCOA TECHNICAL OUTLOOK:**

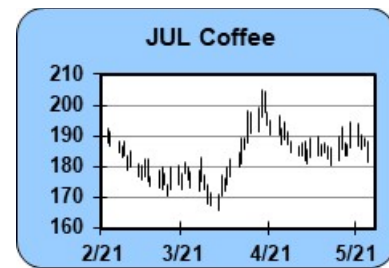
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COCOA (JUL) 05/26/2023: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is now at 2978. The next area of resistance is around 3035 and 3049, while 1st support hits today at 2999 and below there at 2978.

### DAILY COFFEE COMMENTARY 5/26/2023

## Brazil crop may be higher than expected

With an uncertain near-term demand outlook, coffee needs to receive fresh bullish supply news to avoid further downside price action. London Robusta coffee prices extended their pullback from Monday's 15-year high, which in turn put carryover pressure on New York Arabica prices as tight near-term Robusta supply had been a source of carryover support over the past few weeks. In addition, a more than 1% decline in the Brazilian currency also weighed on coffee prices as that will increase pressure on Brazil's farmers to market their remaining old-crop coffee supplies. The Brazilian brokerage firm Pine Agronegocios raised their forecast for Brazil 2023/24 Arabica production by 800,000 bags up to 34.87 million due to good fruit development and positive weather, but they also expect that Brazilian supply will remain very tight. ICE exchange coffee stocks fell by 10,855 bags on Thursday and are close to falling below 600,000 bags for the first time since December.



### TODAY'S MARKET IDEAS:

Positive reports on Brazil's Arabica crop will put pressure on the market, particularly with volatile global risk sentiment. There have been bullish supply developments from Colombia that could underpin prices. Near-term support for July coffee is at 180.60 and a close below this level turns the charts bearish. Resistance is at 185.20 and 189.85.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### COFFEE TECHNICAL OUTLOOK:

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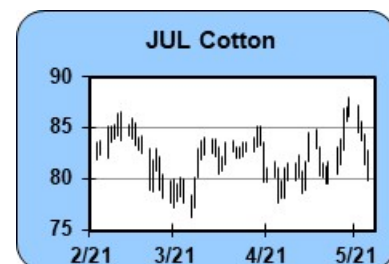
COFFEE (JUL) 05/26/2023: The close below the 60-day moving average is an indication the longer-term trend has turned down. The daily stochastics have crossed over down which is a bearish indication. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The close under the 18-day moving average indicates 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 now at 177.12. The next area of resistance is around 186.07 and 190.61, while 1st support hits today at 179.33 and below there at 177.12.

## DAILY COTTON COMMENTARY

5/26/2023

### More rain for W Texas may keep sellers active

The market remains in a steep downtrend and seems to be still absorbing a significant shift in the weather pattern. Wet weather in West Texas recently, and in the forecast for the next two weeks should significantly improve the soil conditions in West Texas and help relieve some of the drought condition. The US dollar continues to advance and pushed up to the highest level in two months, and this added to the bearish tone. The weekly export sales report showed that for the week ending May 18, net cotton sales came in at 131,245 bales for the current marketing year and 84,304 for the next marketing year for a total of 215,549. The report was in line with expectations. Cumulative sales have reached 107.3% of the USDA



forecast for the 2022/2023 marketing year versus a 5 year average of 108.1%. West Texas is still showing 1-1 1/2 inches of rain in the 5-day forecast and the 6-10 and 8-14 day models are still showing above normal precipitation for the region.

**TODAY'S MARKET IDEAS:**

Close in resistance for July cotton is at 82.16, and the close under 80.79 leaves 76.34 as next support. December cotton resistance is at 80.45, with 77.56 and 76.43 as next targets.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**COTTON TECHNICAL OUTLOOK:**

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COTTON (JUL) 05/26/2023: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's short-term trend is negative as the close remains below the 9-day moving average. The close below the 1st swing support could weigh on the market. The next downside objective is 77.80. The next area of resistance is around 81.58 and 83.64, while 1st support hits today at 78.66 and below there at 77.80.

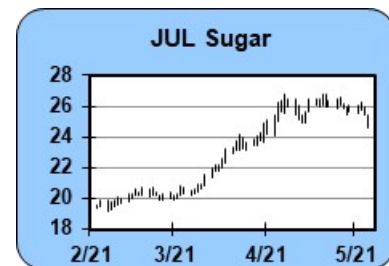
COTTON (DEC) 05/26/2023: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's short-term trend is negative as the close remains below the 9-day moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is now at 76.92. The next area of resistance is around 79.54 and 81.07, while 1st support hits today at 77.46 and below there at 76.92.

**DAILY SUGAR COMMENTARY**

**5/26/2023**

**Long liquidation selling threat; OI still up**

After threatening for several weeks, sugar prices have made a sizable move to the downside. With key outside markets fairly weak, sugar is vulnerable to further downside action. A sharp selloff in crude oil and RBOB gasoline prices put pressure on the sugar market. The Brazilian trade group Unica released their latest supply reports which said Center-South sugar production during the first half of May came in at 2.526 million tonnes, which was 50.4% above last year's comparable total and was well above market expectations. The Center-South cane crush was 28.25% above last year's total while Center-South ethanol production was 15.26% above last year.



Sugar's share of Center-South crushing was 48.40% which compares to 40.85% during the same timeframe last year. One positive note for sugar prices was Center-South domestic ethanol sales during the first half of May which were 6.3% above last year's total. India's Farm Ministry said that their 2022/23 cane harvest will come at a record high 494.2 million tonnes, which compares to 439.43 million during the 2021/22 season. There have been 4 Unica supply reports in a row (late March through early May) in which Center-South sugar production, cane crushing and sugar's share of crushing have come in well above last year's levels.

**TODAY'S MARKET IDEAS:**

Center-South 2023/24 full-season sugar production looks to be well above last season, and that may keep the

market on the defensive.

Near-term resistance for July sugar is at 25.40, 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.

**SUGAR TECHNICAL OUTLOOK:**

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SUGAR (JUL) 05/26/2023: The moving average crossover down (9 below 18) indicates a possible developing short-term downtrend. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. The gap down on the day session chart is bearish with more selling pressure possible today. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside objective is now at 24.09. The next area of resistance is around 25.25 and 25.77, while 1st support hits today at 24.41 and below there at 24.09.

**OJ TECHNICAL OUTLOOK:**

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ORANGE JUICE (JUL) 05/26/2023: 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 slightly negative indicator that the close was lower than the pivot swing number. The next upside target is 297.40. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 293.60 and 297.40, while 1st support hits today at 287.40 and below there at 284.95.

**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	24.83	34.99	45.17	44.74	29.02	25.53	25.75	25.84	24.31	23.30
CTAN23	80.12	37.67	42.88	59.15	40.99	82.88	84.18	82.64	82.03	81.85
CTAZ23	78.50	32.01	38.23	58.27	37.13	81.15	82.26	81.62	81.75	81.77
CCAN23	3017	57.29	58.14	72.21	68.24	3016.50	3011.11	2981.44	2933.87	2883.80
OJAN23	290.50	73.46	68.40	69.70	85.90	284.85	267.63	262.40	262.22	253.96
KCAN23	182.70	40.47	44.72	48.34	41.50	186.84	187.58	186.32	185.26	183.30
MAM23	16.11	34.77	34.22	22.29	24.47	16.34	16.27	16.62	17.47	17.73

Calculations based on previous session. Data collected 05/25/2023

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	24.09	24.41	24.93	25.25	25.77
CTAN23	Cotton	77.80	78.66	80.72	81.58	83.64
CTAZ23	Cotton	76.91	77.46	78.99	79.54	81.07
CCAN23	Cocoa	2977	2999	3013	3035	3049
OJAN23	Orange Juice	284.90	287.35	291.15	293.60	297.40
KCAN23	Coffee	177.11	179.32	183.86	186.07	190.61

MAM23	Milk	15.76	15.90	16.16	16.30	16.56
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