



DAILY SOFTS COMMENTARY

Monday October 02, 2023

DAILY COCOA COMMENTARY

10/2/2023

Demand a concern, but supply is tight and could stay that way.

Cocoa prices have fallen 9.4% in the past two weeks and have traded below the 50-day moving average for the first time since mid-March. This has alleviated an overbought technical condition and has even made the market short-term oversold. Prices have stayed above the 100-day moving average and far above the 200-day. A negative shift in global risk sentiment has weighed on prices recently, as traders worry about demand implications, especially with prices as high as they are. Renewed weakness in the euro and the British pound today can also put pressure on cocoa, as it makes it more expensive to for European grinders to buy. A shift towards rainy weather over West African growing areas could benefit upcoming production, and this is especially important given expectations that El Nino will drier than normal conditions the region later this season. Over the weekend, the Ivory Coast Coffee and Cocoa Board announced that their minimum farmgate price for the 2023/24 main crop harvest would 1,000 CFA francs (roughly \$1.62) per kilo. This is an 11% increase from last season's minimum farmgate price. Ghana's 2023/24 minimum purchase price of 20,943 Ghanaian cedi (roughly \$1.80) per kilo should help to reduce smuggling of cocoa from Ghana to Ivory Coast. Friday's Commitments of Traders showed managed money traders were net sellers of 13,020 contracts of cocoa for the week ending September 26, reducing their net long to 66,521. This was a substantial decline from the near-record 79,541 net long from the previous week.



TODAY'S MARKET IDEAS:

The oversold condition leaves the market vulnerable to a bounce. So far, El Nino has not emerged as a threat to west African production, and the weather looks decent. However, with 2023/24 production expected to be sharply below a year ago, supplies tight, and the likelihood that El Nino will through March, traders may be reluctant to push cocoa too much lower. Look for support in December cocoa at 3402, with resistance at 3510.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 9/19/2023 - 9/26/2023						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Cocoa	73,419	-13,276	-76,153	+13,782	2,734	-506

COCOA TECHNICAL OUTLOOK:

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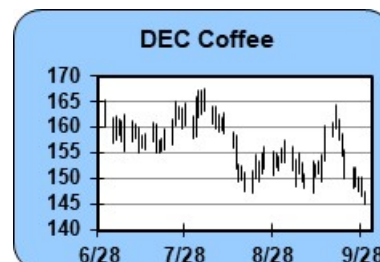
COCOA (DEC) 10/02/2023: Daily stochastics are trending lower but have declined into oversold territory. The close below the 9-day moving average is a negative short-term indicator for trend. A negative signal was given by the outside day down. The market setup is somewhat negative with the close under the 1st swing support. The next downside objective is 3349. The next area of resistance is around 3459 and 3512, while 1st support hits today at 3377 and below there at 3349.

DAILY COFFEE COMMENTARY

10/2/2023

Strong Brazilian exports and demand concerns.

Coffee prices have fallen for seven of the past eight sessions and are this/close to the January low. While the market is well into bargain territory, it probably needs a bullish supply development to sustain any sort of recovery move. Brazil's harvest is basically complete, but exports are likely to continue to be strong through the rest of the year. Their 2023/24 "off-year" Arabica crop is estimated to be 16.6% larger than the 2022/23 "on-year" crop. Concerns that the negative shift in global risk sentiment would weaken out-of-home consumption also weighed on prices last week. Vietnam's coffee exports in September were down 32.7% from last year, and their 2023 total so far was 7.3% lower. ICE exchange coffee stocks fell 2,128 bags on Friday and finished September at 441,945, 42,793 below month-end total for August. This was the eighth monthly decline in a row and the third lowest since 1999. The ICE exchange also said that they will not allow coffee that has been decertified to be resubmitted for grading, which is likely to reduce the flow of coffee into exchange warehouses in the fourth quarter. Friday's Commitments of Traders report showed managed money traders were net sellers of 5,166 contracts of coffee for the week ending September 26, increasing their net short to 21,527.



TODAY'S MARKET IDEAS:

The spec short position could provide fuel for a short-covering rally this week, but the market will probably need fresh bullish supply news to lift clear of last Friday's 8 1/2 month low. Look for resistance in December coffee at 148.50, with support at 144.85.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 9/19/2023 - 9/26/2023						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Coffee	-11,836	-4,284	11,419	+4,864	417	-581

COFFEE TECHNICAL OUTLOOK:

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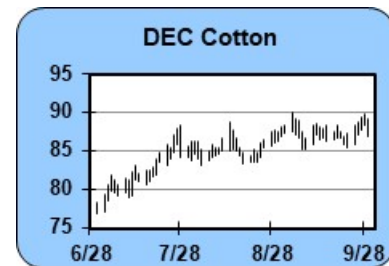
COFFEE (DEC) 10/02/2023: The downside crossover of the 9 and 18 bar moving average is a negative signal. Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is 143.64. The next area of resistance is around 147.42 and 148.73, while 1st support hits today at 144.88 and below there at 143.64.

DAILY COTTON COMMENTARY

10/2/2023

Strong Brazilian exports offset poor US crop.

December cotton is back in the middle of its month-long range after a steep selloff on Friday and subsequent selling overnight. Steep declines in the corn, wheat, and soybean markets in the wake of the USDA's quarterly grain stocks report appeared to encourage selling in cotton. Growers in Brazil are expected to export a record amount of cotton between July 2023 and June 2024, with the president of a growers' group forecasting shipments of 2.5 million tonnes (11.475 million bales). Shipments in September hit an unprecedented 200,000 tonnes (918,600 bales). The most recent USDA supply/demand report put their 2023/24 exports at 11.8 million bales, up from 6.66 million last year. The strong export pace is eating into US sales. Cumulative weekly export sales for the marketing year that began on August 1 are the lowest since 2016/17. High US prices brought on by lower US production is likely one reason for the low sales, but the strong dollar plays a part as well. US crop conditions are near record low levels, which suggests the USDA will lower its production estimates and tighten ending stocks in upcoming supply/demand reports, but lower exports will mitigate the effect. There seems to be enough cotton around the world to fill in for the loss of the US crop. Traders may start to focus on Australian production with the onset of El Nino. December cotton may see some support today if traders cover shorts ahead of this afternoon's Crop Progress report. Friday's Commitments of Traders report showed managed money traders were net sellers of 1,189 contracts of cotton for the week ending September 26, reducing their net long to 45,520. The net long is towards the middle of the historic range and indicates the market is neither overbought nor oversold.



TODAY'S MARKET IDEAS:

Lower US production is being offset by strong Brazilian exports, which seems to be limiting upside potential for cotton. Look for support in December cotton at 86.33 and 84.93, with resistance at 88.00.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 9/19/2023 - 9/26/2023						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Cotton	55,199	-3,051	-63,370	+3,399	8,172	-347

COTTON TECHNICAL OUTLOOK:

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COTTON (DEC) 10/02/2023: The daily stochastics gave a bearish indicator with a crossover down. 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 market is in a bearish position with the close below the 2nd swing support number. The next downside objective is 85.39. The next area of resistance is around 88.28 and 89.92, while 1st support hits today at 86.02 and below there at 85.39.

COTTON (MAR) 10/02/2023: A bearish signal was triggered on a crossover down in the daily stochastics. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close below the 9-day moving average is a negative short-term indicator for trend. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is 86.33. The next area

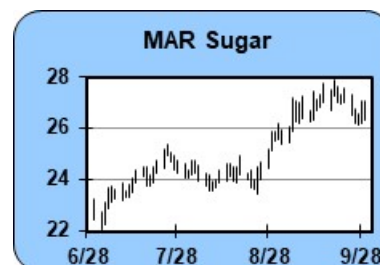
of resistance is around 88.95 and 90.46, while 1st support hits today at 86.89 and below there at 86.33.

DAILY SUGAR COMMENTARY

10/2/2023

Late monsoon withdrawal could benefit India's crop.

An improvement in India's weather outlook leaves the sugar market vulnerable to a pullback, and the October contract expired Friday with a record delivery of 2.87 million tonnes, which is usually seen as a bearish signal. The India Meteorology Department said that India's 2023 monsoon rainfall came in at 6% below the long-period average, which would put this year in the "below average" category. However, September's rainfall was 13% above the long-period average, which was a significant improvement from August, and this has allowed reservoirs to reach 73% of storage capacity. The withdrawal of this year's monsoon is running more than a week later than normal, which should bring heavier than normal rainfall in early October, particularly in south peninsular India. This would benefit cane crops in Maharashtra and Karnataka, two of India's largest sugar producing states. Friday's Commitments of Traders report showed managed money traders were net sellers of 8,571 contracts of sugar for the week ending September 26, reducing their net long to 204,921. Despite the selling last week, the managed money net long is still historically large, leaving the market vulnerable to heavy selling if support levels are taken out. It does not appear that the recent gains in oil prices have triggered a shift in the use of cane in center-south Brazil, which is not surprising given that sugar prices are nearly double where they were a year ago.



TODAY'S MARKET IDEAS:

With India's production outlook improving with the heavier than normal rainfall in September and the likelihood that it will extend into October, sugar could come under additional pressure this week. Key support in March sugar comes in at 26.18, and a break below there would leave the next target down at 25.67. Look for resistance at 26.98 and 27.10.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 9/19/2023 - 9/26/2023						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Softs						
Sugar	223,740	-6,570	-265,761	+15,842	42,021	-9,272

SUGAR TECHNICAL OUTLOOK:

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SUGAR (MAR) 10/02/2023: The downside crossover (9 below 18) of the moving averages suggests a developing short-term downtrend. 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 daily closing price reversal down puts the market on the defensive. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is 25.87. The next area of resistance is around 26.85 and 27.34, while 1st support hits today at 26.11 and below there at 25.87.

OJ TECHNICAL OUTLOOK:

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ORANGE JUICE (NOV) 10/02/2023: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. A positive signal for trend short-term was given on a close over the 9-bar moving average. The daily closing price reversal up is a positive indicator that could support higher prices. The close over the pivot swing is a somewhat positive setup. The next downside target is now at 337.25. The next area of resistance is around 355.15 and 359.00, while 1st support hits today at 344.35 and below there at 337.25.

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										
SBAH24	26.48	47.16	51.51	44.12	32.59	26.51	26.89	26.90	25.51	25.21
CTAZ23	87.15	48.44	50.70	56.00	55.84	88.09	87.47	87.21	86.39	85.60
CTAH24	87.92	50.34	52.47	65.59	62.20	88.63	88.13	87.74	86.58	85.74
CCAZ23	3418	31.91	37.88	17.76	10.35	3448.25	3519.78	3596.39	3529.76	3495.57
OJAX23	349.75	64.74	65.05	73.84	64.49	350.01	345.00	336.70	317.36	306.77
KCAZ23	146.15	32.29	36.80	24.44	12.86	148.36	151.93	152.73	154.81	155.91
MAV23	16.88	31.43	35.00	6.84	6.00	16.84	17.05	17.75	18.04	17.91

Calculations based on previous session. Data collected 09/29/2023

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						
SBAH24	Sugar	25.86	26.11	26.60	26.85	27.34
CTAZ23	Cotton	85.38	86.01	87.65	88.28	89.92
CTAH24	Cotton	86.32	86.88	88.39	88.95	90.46
CCAZ23	Cocoa	3348	3377	3430	3459	3512
OJAX23	Orange Juice	337.20	344.30	348.10	355.15	359.00
KCAZ23	Coffee	143.63	144.87	146.18	147.42	148.73
MAV23	Milk	16.58	16.74	16.84	17.00	17.10

Calculations based on previous session. Data collected 09/29/2023

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